

FINDING THE MONEY



A DIRECTORY OF RESOURCES
TO FINANCE YOUR BUSINESS



Welcome!

The West Texas A&M University Small Business Development Center is pleased to provide this guide to financial sources for business. Our mission is to promote local economic development by creating new jobs and new businesses, and one of the primary requirements for any new business is access to capital.

We are always here to assist you in developing your business plan, financial projections, and marketing strategy. And most services are paid for by the Small Business Administration, so they cost you nothing.

The entire staff joins me in wishing you the best of luck and great success in your business.

Sincerely,

A handwritten signature in blue ink, appearing to read "PJ Pronger". The signature is written in a cursive style.

PJ Pronger
Director

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FINDING THE MONEY

What you should know.

1

We have some great news for you - there are more financial resources available to start or expand a business here in the Texas Panhandle than anywhere else in the country!

Still, financing a business can be a challenge, and it's nearly impossible to get 100% of the money you need from outside sources. Even if you get a grant, it will only supply a portion of the total money required, so you should plan on coming up with some money yourself, or talking to a friend or family member about supplying it for you.

But if you're up to the challenge, this resource book can be a great benefit. It lists sources for all types of financing available, arranged in a format that lets you compare one to another. If you have questions about any of these programs, you can contact the source directly, or you can call the Small Business Development Center at 806-372-5151. We have had experience with most of the programs offered and can provide valuable advice about how to increase your chances of getting funded.

In the most basic sense, funding for business will always be one of two types:

DEBT or **EQUITY**

DEBT financing means **borrowing money** that is repaid over a period of time, usually with interest. The lender does not have any ownership in your business and your obligations are satisfied when you repay the loan.

EQUITY financing means **selling a share of ownership** in your business. You don't have to pay the money back, but you are obligated to share the profits.

Synopsis of debt financing

Bank loans are the most common form of debt financing, which can be either short-term (full repayment due in less than one year) or long-term (repayment due over more than one year). You can also borrow money from family and friends, government agencies, and non-profits. Generally speaking, banks provide the easiest and fastest process, while alternative lenders may have more attractive terms.

The main thing to keep in mind when shopping for debt financing is this: Lenders always seek to minimize the downside. They are focused on limiting their own risk because getting repaid with interest is their best possible outcome - a lender doesn't make any more money if your business is wildly successful than if it barely survives. It is the nature of debt financing to employ every possible means of limiting risk, including asking for the business owner's personal guarantee for any type of business loan.

ADVANTAGES TO DEBT FINANCING:

- It's cheaper than equity financing in the long run.
- It's normally faster to arrange than equity financing.
- The interest is tax deductible.
- Your obligation is limited to repayment of the loan.
- It can be relatively simple to secure.

DISADVANTAGES TO DEBT FINANCING:

- It requires a higher cash flow in order to make payments.
- It reduces your ability to raise additional capital.

SOURCES OF DEBT FINANCING:

- Banks, Savings & Loans, & Credit Unions.
- Family & Friends.
- Government Agencies (see the "Loans" reference section).
- Non-profits (see the "Loans" reference section).

Synopsis of equity financing

The most common sources of equity financing for small businesses are the owner's personal savings along with contributions from family, friends, and business associates. Angels, or private investors, tend to be the next higher level of equity funding, followed by venture capital companies. If your business is incorporated, an investor contributing equity capital would receive shares of stock. If it's an LLC or a partnership, they would most likely receive partnership shares in the business.

Remember this about equity financing - Equity investors always seek to maximize the upside - they are focused on helping you succeed to the maximum because if your business does extremely well, so do they. This means that they have a keen interest in how you run your business, and they may well be looking over your shoulder to see how you're doing. Another thing to keep in mind about investors is that they are never in a hurry to put money into a business - they operate by their schedule, not yours. So if you need money in a hurry, investors may not be the route for you.

ADVANTAGES TO EQUITY FINANCING:

- It doesn't have to be repaid.
- It's easier on cash flow.
- It makes it easier to borrow money in the future.
- Having high profile investors can increase your credibility.

DISADVANTAGES TO EQUITY FINANCING:

- It's more expensive than debt financing in the long run.
- It dilutes your ownership interest.
- There is a potential for loss of control.
- You will need a large profit potential to attract investors.
- It usually takes longer to arrange.

SOURCES OF EQUITY FINANCING:

- Your own savings.
- Family & Friends.
- Grants (see the “Grants” reference section).
- Private Investors, or Angels (see the “Private Investors” section).
- Venture Capital Funds (see the “Venture Capital” reference section).

Both debt and equity financing are important ways for businesses to obtain money to fund their operations, but deciding which to use or emphasize depends on the long-term goals of the business and the amount of control managers wish to maintain.

Ideally, experts suggest that businesses use both debt and equity financing. Some experts recommend that companies rely more heavily on equity financing during the early stages of existence, because they may find it difficult to service debt until they achieve reliable cash flow. In any case, all businesses require sufficient capital in order to succeed. The most prudent course of action is to obtain capital from a variety of sources, using both debt and equity, and hire professional accountants and attorneys to assist with financial decisions. Debt and equity are accounted for differently - each has a different impact on earnings, cash flow, and taxes. Whatever you decide, remember that you can often negotiate terms with both lenders and investors.

PRIVATE INVESTORS

Have you called your mom lately?

2

Many businesses are financed by private investors, and in nearly every case the investor is someone that the business owner already knew personally. It is unusual for any business to attract investors by “cold calling” people who are thought to have money to invest.

Private investors, often called “Angels”, have a different take on things than venture capitalists (who are outlined in the next section). Angels tend to bet more on you as a business person, than on your idea. Unlike venture capitalists, angels invest their own money and are usually content to let you run the business as long as you do a good job. Angels tend to be more patient than venture capitalists, but they still expect an opportunity to cash out with a nice profit. Any experienced angel will want to know how he is going to get out of your business (the “exit strategy”) before he ever gets in.

Private investors can put money into your business in a number of ways, including loans, partnerships, and stock purchases. Small deals are often done informally, especially when it involves family or friends. But please be aware that even with a close friend or family member, you should put it in writing. Getting into a big fight at the family reunion because Uncle Bob thinks you owe him money is just one possible problem that comes from verbal agreements.

Larger deals are often done with a Private Placement Memorandum, which is a legal document for investment in a company without having to file expensive documentation with the Securities and Exchange Commission. For this type of transaction, you should consult an attorney. The Small Business Development Center maintains a list of attorneys who specialize in creating the documents needed for a Private Placement.

In some locations there are investor clubs which review investment opportunities at regular group meetings. Some of these clubs are designed to make money for their administrators and some are not, but most of them charge a fee for an opportunity to present to the group. See the following reference section for some Angel clubs of interest.



Angel Investors

| | West Texas Angel Network | Texas Angels Network | Texas Investment Network |
|---------------------------------------|---|--|---|
| Type | Non-profit Angel Club | Association of Texas Angel Clubs | Online Matching Service |
| Description | A group of Panhandle area investors who individually invest in attractive business ideas. | A non-profit alliance of Angel Networks in Texas. Provides guidance and assistance in forming angel investor groups. | Database of Texas business investors (as defined by SEC Rule 501 of Regulation D or foreign equivalent) who are regular investors in various industries across the Southern states. |
| Dollar Range | Not specified. | NA | Not stated |
| Requirements & Eligibility | Stated online. | NA | Not stated. |
| Allowed Uses | Whatever is negotiated. | NA | Whatever is negotiated. |
| Calendar Cycle | Continuous applications, quarterly presentations. | NA | Continuous |
| Terms Fees Penalties | \$25 application fee \$75 presentation fee | NA | \$250 submission fee or \$200 referral fee. |
| Contact Information | Julie Attebury or PJ Pronger 701 S. Taylor, Ste. L-118 Amarillo, TX 79101 www.WestTexasAngelNetwork.com | Jaime Rhodes jamie@perceptivesciences.com Austin | 3400 Lover's Lane Dallas, TX 75225 www.texasinvestmentnetwork.com |

VENTURE CAPITAL

The most misunderstood term in finance

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SO WHAT IS VENTURE CAPITAL, ANYWAY?

Traditional venture capital consists of professional investors managing large pools of other peoples' money who are looking for a huge return in a short period of time. They typically look for new technologies which need a lot of money along with professional management to make the leap to a higher business level. Venture capitalists are motivated to invest in companies that:

1. Have a high probability of "going public" (issuing stock on a major exchange).
2. Are willing to accept new management.
3. Have the potential to turn a \$15 million investment into \$150 million in 3 to 5 years.

If your business fits this profile, then you may want to consider contacting a traditional venture capitalist for assistance. But keep in mind that, unlike Angel Investors, Venture Capitalists are betting on your idea, not on you. In the majority of cases, they will replace you with someone else to run the company.

Fortunately, new types of venture capital funds are being developed that are more suited for economic development. One type is known as Community Development Venture Capital (CDVC). The CDVC model promotes what is known as a "double bottom line", which means that the fund is pursuing community development as well as profit.

CDVC investments tend to be smaller than typical venture capital, ranging in size from \$50,000 to \$1.5 million compared to the \$14.8 million per company average of traditional venture capital and private equity funds. CDVC funds also tend to invest in more diverse industry sectors than traditional VC funds.

The State of Texas has launched a technology investment fund to help bring high paying jobs to the state. The Emerging Technology Fund (ETF) is tightly focused on commercializing new technologies, but if your business fits the profile, an investment from the ETF tends to be a better deal than traditional venture capital.



Venture Capital

| | Equitrend Capital | CAPCOs | Emerging Technology Fund |
|---------------------------------------|--|---|---|
| Type | Community Development | State Certified Fund | State Fund |
| Description | For-profit fund which makes equity investments in early stage companies across the Texas panhandle. | The CAPCO program is an economic development program created by state legislation to increase investments in small businesses located within the state. | A state fund appropriated by the Texas legislature which invests in Texas companies involved in commercializing new technologies. Final approval of investments granted by the Governor, Lieutenant Governor, and Speaker of the House. |
| Dollar Range | \$10,000 - \$50,000 | Not stated | \$250,000 - \$3MM |
| Requirements & Eligibility | Preference will be given to equity investments which can leverage additional financing. | Texas-based businesses. Otherwise depends on each CAPCO. | Must be used to commercialize a new technology. Must position company to create high paying jobs in Texas. Must have a connection to a University (working with an SBDC meets this requirement). |
| Allowed Uses | As negotiated. | As negotiated. | As negotiated. |
| Exclusions | Limited to 26 counties of Texas panhandle. | | Not for basic research. Not for incremental technology improvements. |
| Calendar Cycle | Continuous. Apply online. | Continuous | Quarterly |
| Terms Fees Penalties | N/A | N/A | Warrants will be taken, other terms as negotiated. |
| Contact Information | Charles Dooley 806-681-6817 charles@equitrendcapital.com www.equitrendcapital.com | Greg Scheirman greg.scheirman@cpa.state.tx.us 512-463-4124 www.window.state.tx.us/capco | WTCIC 2579 S. Loop 289, Suite 210 Lubbock, TX 79423 806-745-1637 www.wtcic.org |

GRANTS

Everybody wants one.

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While it is true that some grants are available for business purposes, the first thing you should understand is that no one is going to hand you a blank check and send you on your way. Grant money can be a fantastic opportunity, but every grant program requires you to: a) meet certain qualifications, b) spend time and effort completing an application process and c) compete against other applicants.

Many grants are geographically specific, that is, they are intended to promote economic development in a specific community or region. One of the best in Texas is the Enterprize Challenge, a business plan competition which gives away \$500,000 annually to businesses located in Potter and Randall counties. Another excellent program is the EDP Plus Grant which is open to businesses in the five state region served by the Dallas Federal Home Loan Bank.

Many Economic Development agencies offer grants for existing businesses to expand or to relocate from another state. While not all towns have EDCs, it's worth the time to find out if there is one in your area and then ask what kind of assistance they have. The SBDC can advise you in this process.

Other grant programs exist, but many are so highly competitive that your real chances of getting any money are slim. The Small Business Development Center can help you navigate the world of grants and save you time in deciding which ones might be worth pursuing.

A word of warning - don't be taken in by infomercials and telemarketers who want to sell you information about getting grants. These people provide nothing more than a useless list of grant agencies which you could get on your own for free.



Grants

| | Amarillo Enterprize Challenge | EDP Plus Grant | AEDC Interest Rebate Program |
|----------------------------|--|--|--|
| Type | Competitive Grant | Equity Match Grant | Reimbursement Grant |
| Description | A business plan competition for start-up and early-stage companies whose customers are principally located outside of Amarillo. A total of \$500,000 per year is divided up among 5 or more winners. | A grant integrated with a loan from any bank which belongs to the Dallas Federal Home Loan System. Grant is 15% of project, owner equity is 15%, loan is 70%. | An interest rebate on commercial loans taken out for the purpose of expanding or improving a business which benefits the Amarillo economy. |
| Dollar Range | Up to \$100,000 | Up to \$25,000 | Interest on a loan maximum of \$100,000 |
| Requirements & Eligibility | Resident of Potter or Randall County; business will stay in Amarillo for 4 years; basic business with 75% sales outside of Amarillo; business plan; attend orientation. | Must be used in conjunction with an EDP advance loan from a bank that belongs to the Federal Home Loan Bank System. Must have an SBDC relationship or verification of business knowledge. 15% owner equity required. | Potter or Randall county. 25 employees or less. \$2 million in sales or less. No direct competition. Must be one of these: manufacturer / wholesaler provider to Amarillo / employers |
| Allowed Uses | Any purpose within business plan. | Start-up or expansion for the purpose of purchasing or constructing buildings, facility expansion, machinery or equipment, and closing costs. | Equipment Real estate |
| Exclusions | Felony or Class A or B misdemeanor conv., bad credit, bankruptcy, relatives of AEDC, City Commission, or Enterprise Network. | Cannot be used to refinance an existing loan. | |
| Calendar Cycle | Once per year. Call for details. | First come, first served. | Continuous |
| Terms Fees Penalties | N/A | Funds become available in January and are exhausted as requests are granted. | N/A |
| Contact Information | WTAMU Enterprise Network 806-374-9777 www.incubationworks.com/aec.html | Any participating bank, or The Federal Home Loan Bank of Dallas 800-362-2944 www.fhfb.com/community/cip_edpplus.html | Amarillo EDC 801 S Fillmore Ste 205 Amarillo, TX 79101 806-379-6411 www.amarilloedc.com |

Grants

| | Center City Facade Grant | Route 66 Corridor Preservation Program | USDA Value-Added Producer Grant Program |
|----------------------------|--|---|---|
| Type | Capital Improvement Grant | Matching Grant | Competitive Equity Match Grant |
| Description | A matching grant available to businesses in or near Downtown Amarillo to improve downtown properties. | Grant issued by the National Park Service to restore or renovate eligible properties on Route 66. | Grants to independent producers, co-ops, and producer groups for processing and marketing a value-added ag product. |
| Dollar Range | Up to \$10,000 | \$5,000 to \$30,000 | Max. \$100,000 planning, \$300,000 working capital |
| Requirements & Eligibility | Matching funds from applicant required. Must be a business in downtown Amarillo. | Property must be located on any former route of US 66. Matching funds from applicant required. | Matching funds required. Projects must include a value-added agricultural product. See website for complete requirements. |
| Allowed Uses | Funds may only be used for the remodeling and renovation of building facades. | Funds may be used for renovation. | Working capital associated with producing a value-added product. |
| Exclusions | | | Build or renovate building, purchase land, equipment, vehicles, R&D, expenses related to production of commodity or product. |
| Calendar Cycle | First come, first served. | Once per year in the spring. | Contact USDA for the current cycle. |
| Terms Fees Penalties | N/A | N/A | N/A |
| Contact Information | Center City Beth Duke 806-372-6744 www.downtownamarillo.org | National Park Service 505-988-6701 www.cr.nps.gov/rt66/grnts | Clyde Jenkins 806-468-8600 www.rurdev.usda.gov/rbs/coops/vadg.htm |

Grants

| | USDA Biomass R&D | SBIR and STTR | Texas Enterprise Fund |
|----------------------------|---|--|--|
| Type | Matching Grant | Competitive Grant | State Fund |
| Description | Grant from the USDA and DOE for research & development of biomass-based products, biofuels, bioenergy, and related processes. Intended to increase the availability of alternative and renewable fuels. | Grants to research and commercially develop new technologies needed by the federal government. Various departments of the federal government specify what technologies they are looking for in official announcements. | Primarily used to attract new business to the state or assist with the substantial expansion of an existing business. Must be approved by the Governor, Lieutenant Governor, and Speaker of the House. |
| Dollar Range | Up to \$1 million | Up to \$100,000 feasibility Up to \$750,000 to develop | |
| Requirements & Eligibility | Eligible applicants include state and federal agencies, national laboratories, private-sector groups, non-profits. Consortia are encouraged to apply. | American-owned and independently operated; for-profit; principal researcher employed by business; company size limited to 500 employees. | Must demonstrate a significant return on the state's investment and strong local support. |
| Allowed Uses | Development of technologies to convert cellulosic biomass into intermediaries for biobased fuels, product diversification, feedstock production, strategic guidance. | Phase I (start-up): exploration of the technical merit or feasibility of an idea or technology. Phase II: R&D work and evaluation of commercialization potential. | As negotiated. |
| Exclusions | | Companies with over 500 employees. For other exclusions see website. | Not for retail sales. |
| Calendar Cycle | July deadline. | Varies by issuing agency. | |
| Terms Fees Penalties | N/A | N/A | N/A |
| Contact Information | Clyde Jenkins 806-468-8600 www.rurdev.usda.gov/rbs/busp/9008.htm | SBA Technology Office 409 Third Street, SW Washington, DC 20416 (202) 205-6450 www.sba.gov/SBIR | Office of the Governor PO Box 12428 Austin, TX 78711 512-936-0100 www.governor.state.tx.us/ecodev |

LOANS

Getting real.

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Borrowing money is one of the most common sources of funding for a small business, and banks are but one source for getting a loan. Many government and non-profit agencies make loans to small businesses, as do friends and family members.

But before you approach anyone for a loan, it is a good idea to understand as much as possible about the factors that will come into play when you apply for a loan.

Steps to getting a loan

1. Complete a personal financial statement. If you need a blank form, contact the Small Business Development Center, the SBA or any bank.
2. Update your company's financial statements (Balance Sheet, Income Statement, Statement of Cash Flows) or if you are not yet in business, generate pro-forma financials (projections). The Small Business Development Center can assist you at no charge.
3. Develop a cash budget for at least two years of operations, showing how money will flow in and out of the company, month by month. The Small Business Development Center can assist you at no charge.
4. Determine exactly how much you need and exactly what you will use it for, supported by your financials.
5. Decide on the appropriate type of loan and the best place to get it.
6. Contact prospective lenders and ask them whether they would consider financing your loan request.



VALUABLE TIPS FOR LOAN SHOPPING:

- Establish banking relationships before you need money.
- Don't expect 100% financing for your business.
- Use short term financing for short term needs.
- Use long term financing for long term needs.
- Pay close attention to your personal credit - it will make a difference.
- It helps to have experience in your particular type of business.
- When applying for a bank loan, be prepared to answer 4 questions:
 1. How much do you need? (exactly)
 2. What will you use it for?
 3. How will you pay it back?
 4. What is your collateral?
- If you get turned down for a loan, follow these steps:
 1. Don't get angry.
 2. Ask why you were denied.
 3. Ask if there is anything you can do to get reconsidered.
 4. Ask for a referral to another bank that might be interested.

What about an SBA loan?

The SBA rarely makes direct loans anymore, reserving those for declared disasters such as tornados & hurricanes. The most popular SBA programs that are currently available are loan guarantees, which are essentially a kind of loan insurance taken out on regular bank loans. If you are interested in an SBA loan guarantee, the place to start is with your bank - you will have to get their commitment before the SBA ever comes into the picture. The main advantage to an SBA loan guarantee is that it extends the term of the loan making the payments easier to handle. Unfortunately, it also adds to the total cost because, like any insurance program, the premium costs money. There are several SBA programs referenced in the following pages, but changes are frequent and the best source of information for a full explanation of those programs is the SBA District Office in Lubbock, 806-472-7487.

Micro-Loan Programs

| | Amarillo MSA Micro-Loan Program | Community Development Micro-Loan Program | Rural Micro-Loan Program |
|---------------------------------------|--|--|--|
| Type | Non-Profit Lender | Non-Profit Lender | Non-Profit Lender |
| Description | Start-up or expansion. Primarily for low to moderate income individuals. Working capital or gap financing Loan origination fee of 3% | Micro-enterprise development for the city of Amarillo. Development & expansion of Minority & Women-owned businesses and low to moderate income individuals. Loan origination fee of 3% | Start-up or expansion. Must generate employment of 1 job per \$20,000 lent. Working capital or gap financing Loan origination fee of 3% |
| Dollar Range | \$2,000 - \$40,000 | \$2,000 - \$35,000 | \$2,000 - \$40,000 |
| Requirements & Eligibility | Potter and Randall County residents. Equity: 5%-15% based on the merits of the project. | Resident of Amarillo. Low to Moderate Income Equity: 5%-15% based on the merits of the project. | Resident of one of 24 rural counties of the Texas Panhandle. Equity: 5%-15% based on the merits of the project. |
| Allowed Uses | Purchasing, constructing, or remodeling buildings, purchase/development of land, facility expansion, machinery or equipment, business supplies, working capital, start-up costs. | Business & industrial acquisition & construction. Purchase & development of land & buildings. Equipment & business supplies. Machinery & vehicles. Remodeling & improvements. Startup & working capital. | Purchasing, constructing, or remodeling buildings, purchase/development of land, facility expansion, machinery or equipment, business supplies, working capital, start-up costs. |
| Exclusions | Bad credit rating. | Bad credit rating. | Bad credit rating. |
| Calendar Cycle | N/A | N/A | N/A |
| Terms Fees Penalties | Min. interest is WSJ Prime minus 2% and max. is WSJ Prime plus 2%, depending on credit history, collateral, ability to repay, etc. | Min. interest is WSJ Prime minus 2% and max. is WSJ Prime plus 2%, depending on credit history, collateral, ability to repay, etc. | Min. interest is WSJ Prime minus 2% and max. is WSJ Prime plus 2%, depending on credit history, collateral, ability to repay, etc. |
| Contact Information | Panhandle Regional Planning Commission 806-372-3381 www.theprpc.org | Panhandle Regional Planning Commission 806-372-3381 www.theprpc.org | Panhandle Regional Planning Commission 806-372-3381 www.theprpc.org |

Non-Bank Loan Programs

| | Accion Texas | Various Internet Lenders | Texas Mezzanine Fund |
|---------------------------------------|--|--|---|
| Type | Small Business Micro-Loan | Peer to Peer Loans | Non-bank Lender |
| Description | For borrowers unable to obtain bank financing, this non-profit organization provides micro-loans and lines of credit. Accion often accepts a co-signer in place of collateral. | Web sites which broker loans between lenders and borrowers on a personal basis. Borrowers post their loan request and their specific individual information. | A statewide Community Development Financial Institution (CDFI) that provides financing for businesses located in distressed areas, minority-owned businesses, and small businesses that create jobs for low and moderate-income people. |
| Dollar Range | Loans: up to \$50K-\$100K Line of Credit: \$5K-\$25K | \$1,000 - \$25,000 | From \$50K to \$500K |
| Requirements & Eligibility | Start-ups must have alternative income source; applicant must be 21 years of age; be a resident of the state of Texas; loans must be secured by collateral or a co-signer. | Most have requirements for U.S. residency & a reasonable credit score. After passing identity and fraud checks, borrowers can request unsecured loans from \$1,000 to \$25,000 at rates they select. | Adequate cash flow for debt service; A strong business plan; At least 50% match from financial institution or local Community Development Financial Institution (CDFI) desired. |
| Allowed Uses | Business activities to stabilize and increase business incomes, create additional employment, or contribute to the economic revitalization of the communities. | Any | Expansion, term equipment loans, real estate loans or any combination of the foregoing. |
| Exclusions | No recent bankruptcies; Business must be located in Texas; no adult entertainment businesses. | | New businesses do not qualify, must have 3 years financials. |
| Calendar Cycle | N/A | N/A | N/A |
| Terms Fees Penalties | Terms: 5 to 72 months, 9-14.5% interest rate. Loans based on ability to repay, collateral, co-signer. Commitment fee 5%-9%. | 1-2% loan origination fee. | 3 to 7 year loans; Variable transaction fees (success fees). Commitment fee 1-2%; Closing costs paid by borrower. |
| Contact Information | 1-866-312-3772 www.acciontexas.org | www.prosper.com www.LendingClub.com www.VirginMoneyUS.com | 1-877-666-6863 www.tmfund.com |

Government Loan Programs

| | State of Texas | USDA | SBA 504 Loans |
|---------------------------------------|--|--|--|
| Type | State Fund | Loans & Loan Guarantees | Long Term Loan |
| Description | Flexible funding and oversight of several programs targeting three key audiences: Texas businesses, Texas communities and Texas lending institutions. Programs include Finance Programs, Enterprise Programs and Small Business Assistance | The USDA has a variety of programs for rural development including loans to government entities, loans & loan guarantees to rural businesses, and community-managed lending pools. | Loans for real estate and equipment which involve both a bank and a Certified Development Corporation. The bank loans 50%, the CDC loans up to 40% and the owner puts in a minimum of 10%, depending upon the circumstances. |
| Dollar Range | As required. | Up to \$40 million | Up to \$4 million |
| Requirements & Eligibility | A minimum of three years of financial statements. Projections of indirect or induced jobs within Texas. Preference given to businesses that have received financing from a SBDC or SBIR. | Depend on the specific program utilized. | Eligible businesses must have a net worth less than \$7.5 million and net income after taxes less than \$2.5 million. |
| Allowed Uses | Most business, community, and economic development uses. | Depend on the specific program utilized. | Purchase land, renovate, construct buildings on leased or owned land, machinery & equipment w/10 year life and soft costs associated with project. |
| Exclusions | Must be Texas based. | Metropolitan areas. | Real estate investing or other speculation, lending activities, pyramid sales plans and non-profits. |
| Calendar Cycle | N/A | N/A | N/A |
| Terms Fees Penalties | Depend on the specific program utilized. | Depend on the specific program utilized. | 10 to 20 year maturity, below market fixed rate. Legal and closing costs are 2.8% of loan plus \$2,500 prepayment penalty. |
| Contact Information | Office of the Governor PO Box 12428 Austin, TX 78711 512-936-0100 www.governor.state.tx.us/ecodev | Texas USDA Rural Development 101 South Main Street, Ste 102 Temple, TX 76501 254-742-9700 www.rurdev.usda.gov/tx | Texas Panhandle Regional Development Corporation 806-372-3381 www.theprpc.org |

Government Loan Programs

| | SBA Community Express | SBA 7(a) Loans | SBA Patriot Express |
|---------------------------------------|--|---|--|
| Type | Small Business Loan | Bank Loan | Small Business Loan |
| Description | A loan made through participating banks to minority, women, and veteran owned businesses in low to moderate income areas, hub zones, and other areas. | Bank loans guaranteed by SBA, up to 85% of total loan, if less than \$150K with 15% equity. Or up to 75% of total loan if greater than \$150K, with 25% equity. | A loan made through participating banks to veterans and the military community to establish or expand a small business. SBA guarantees up to 85% on less than \$150K. 75% on greater than \$150K. |
| Dollar Range | Up to \$50,000 | Up to \$2 million | Up to \$500,000 |
| Requirements & Eligibility | Liquid assets of owner cannot exceed \$100K. No tax return required. Utilizes Fair Isaac Credit Score. | Principals must not be incarcerated, on parole or probation, or a defendant in criminal proceedings. | Veterans, active-duty service Reservists & Natl Guard, spouses of above, and widowed spouses |
| Allowed Uses | Most business purposes | New business or established business operation, acquisition or expansion assistance. | Most business purposes |
| Exclusions | Investment real estate. Ag & farm businesses. Medical facilities. Business of sexual nature. Lending or gambling. | Bad credit rating. | New businesses do not qualify, must have 3 years financials. |
| Calendar Cycle | N/A | N/A | N/A |
| Terms Fees Penalties | WSJ prime + 3.75 - 4.75% \$425 processing fee | 7 year maturity for working capital, up to 25 year on real estate and equipment. Fixed or variable rate, negotiable with bank. | Interest rates from 2.25% to 2.75% over prime. Term loan up to 5 years. |
| Contact Information | Interstate Bank (Mark Marrs) 806-331-6000 or Borrego Springs Bank www.borregospringsbank.com | SBA 1205 Texas Ave Room 408 Lubbock, TX 79401-2693 806-472-7487 www.sba.gov | SBA 1205 Texas Ave Room 408 Lubbock, TX 79401-2693 806-472-7487 www.sba.gov |

ECONOMIC DEVELOPMENT ORGANIZATIONS

Local EDCs often have specialized assistance programs for new and expanding businesses.

BOUTIQUE INVESTMENT BANKS

Westlake Securities - Private Placements & M&A, small to mid-market.

2700 Via Fortuna Ste 250

Austin, TX 78746

512-314-0717

www.westlakesecurities.com

Acala Partners - Investment Bank for Agriculture and Food Service sectors.

1314 Beaujolais Ln.

Houston, TX 77077

281-752-5562

www.acalapartners.com

RURAL BOND FINANCING

Trust Financial - Originates bond issues for qualifying businesses in rural areas.

13300 Old Blanco Rd Ste 321

San Antonio, TX 78216

210-260-8345

www.trustfinancial.us

GOVERNMENT CONTRACTS

Contract Procurement Center

415 W 8th Ave

Amarillo, TX 79101-2200

806-372-3381

RESOURCES FOR ENTREPRENEURS

Entrepreneur Alliance - Entrepreneur support, networking & resources.

701 S Taylor Ste 118

Amarillo, TX 79101

806-322-0032

www.getyourdream.org

High Ground of Texas - Regional economic development.

401 N 3rd

Stratford, TX 79084

806-366-7510

www.highground.org

Texas Economic Development

Office of the Governor

PO Box 12428

Austin, TX 78711

512-463-2000

<http://governor.state.tx.us/ecodev/>

WTAMU Enterprise Network - Business incubator.

2300 N Western St

Amarillo, TX 79102

806-374-9777

www.incubationworks.com

WTAMU Small Business Development Center - Free business consulting.

701 S Taylor Ste 118

Amarillo, TX 79101

806-372-5151

www.wtsbdc.com



701 S Taylor Ste 118 Amarillo, TX 79101
806-372-5151 www.wtsbdc.com



This information is believed to be accurate, but is subject to change.
Anyone who elects to pursue any of these financial resources should verify the
terms, conditions, and availability directly with the source.
All opinions, conclusions or recommendations expressed are those of the author (s)
and do not necessarily reflect the views of the SBA.

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