



SMALL BUSINESS ADMINISTRATION CAPLINES PROGRAM

ATTENTION CURRENT AND FUTURE SMALL BUSINESS OWNERS!



Every January, Americans look ahead with the desire to

start the New Year with fresh ideas and hopes to improve. The U.S. Small Business Administration is doing the same thing – regularly meeting with lenders and resources partners to get feedback on ways to improve our loan programs and services. And, this past year, the SBA engaged over 150 community lenders in all 50 states to provide comments on ways that the SBA's CAPLines Program could work more effectively for both SBA lenders and small businesses, as this program has been underutilized.

SBA's CAPLines Program helps small businesses meet their short-term and cyclical working capital needs. The SBA provides up to an 85 percent guarantee. There are four loan programs under CAPLines; Seasonal Line of Credit Program, Contract Loan Program, Builders Line Program and Working Capital Line.

These are the key benefits of the program:

- ◆ The SBA no longer requires small business owners without building or equipment to use their personal assets as collateral to secure working capital.
- ◆ Small businesses can pledge accounts receivable, inventory, contracts, and purchase orders in order to secure an SBA revolving line of credit. For example: when fulfilling a purchase order request, the same order can be used as collateral to obtain an SBA-guaranteed line of credit to hire more workers and buy more materials.

- ◆ Small business subcontractors can obtain an SBA-guaranteed line of credit to finance their work on a contract with a federal prime contractor.

- ◆ Small businesses working on a contract that requires surety bonding can obtain an SBA-guaranteed line of credit.

Overall, the improved CAPLines Program provides business owners with the working capital they need to take advantage of new opportunities, as they continue to grow their business and create jobs in the new year.

Small businesses that use CAPLines will benefit from the increased SBA 7 (a) loan limit of \$5 million, effective as a result of the Small Business Jobs Act. For those small businesses looking to vie for bigger contracts, this will help them financially prepare to compete and win.

Whether you are a startup, currently in business, or a business that is experiencing difficulties, SBA has programs to help you.

As you take the time to evaluate your business needs and set goals for the New Year, remember to reach out to SBA resource partners such as SCORE, Small Business Development Centers and Women's Business Center. They provide counseling and can assist you with developing or updating a business plan, marketing plan, or a loan package to take to a lender. To locate resources in the state of Washington or to contact your local SBA office visit: www.sba.gov/localresources

