

Financing your Brewery with an SBA Loan

By Scott Birkner, Dogwood State Bank

What is an SBA loan?

An SBA loan is a type of loan structured through the Small Business Administration's loan program. Instead of lending directly to small business owners, the SBA offers a government guarantee to lenders. This gives lenders like us an incentive to loan money to small businesses who may not be eligible for a conventional loan. There are numerous types of loans under the SBA umbrella, making it easy for businesses to find one to suit their specific needs. The most popular SBA loan program is the 7(a) loan which is typically used to start, acquire, or expand a business.

How can I use an SBA loan?

One of the reasons why SBA loans are so popular is because they are very versatile. An SBA loan can cover all types of business-related costs, including:

- Start-up costs
- Remodels and expansions
- Real estate purchases
- Equipment
- Construction
- Working capital
- Furniture and fixtures
- Leasehold improvements
- Debt refinance
- Franchise fees

What types of industries can benefit from an SBA loan?

We provide lending solutions for a range of industries, including:

- Breweries
- Distilleries
- Medical Practices
- Lawn Care and Pest Control
- Senior Care
- Poultry Farms
- Car Wash Businesses
- Veterinary Clinics
- Dental Practices
- Flooring Companies
- Auto Repair Shops
- And more

Financing your Brewery with an SBA Loan (Page 2)

Is my project eligible for an SBA loan?

To be eligible for an SBA loan, business must be for-profit, operate within the United States or its territories, have reasonable owner equity to invest, and use alternative financial resources, including personal assets, before seeking financial assistance. To learn more about eligibility requirements for a specific loan program, give us a call!

What are the maximum eligible loan amounts?

Through our SBA 7(a) program, borrowers can obtain loan amounts up to \$5MM, while our SBA 504 loan program provides loan amounts up to \$8.5 MM.

What are the steps of the SBA loan process? How long does it take?

The steps of the SBA loan process vary depending on the type and use of the loan, but in general, business owners must first prepare a business plan and submit an SBA application. If the loan is approved, we will begin the process of underwriting before ultimately closing the loan. The amount of time it takes to obtain an SBA loan from application to closing depends on many factors, but borrowers should plan on a minimum of 6-8 weeks.

What are some of the benefits of an SBA loan?

There are numerous benefits to getting an SBA loan compared to conventional loans. These include:

- Lower down payments
- Longer terms
- Lower equity terms
- Less restrictive collateral requirements

What are the closing costs and fees associated with an SBA loan?

The closing costs and fees associated with an SBA loan are minimal and depend on the type of loan. Many of the costs and fees are conveniently rolled into the loan and do not require you to pay as an out of pocket expense.

How much money do I need to inject?

The equity injection amount for an SBA loan can range from 10% - 30% of the total loan amount, depending your business needs. The SBA loan allows for the unique flexibility of combining sources for an equity injection.

(continued)

Financing your Brewery with an SBA Loan (Page 3)

What steps can I take to prepare for the SBA loan process?

If you are looking to obtain an SBA loan, there are a number of things you can do to prepare early on to help the process run as smooth and efficiently as possible. Here are some examples of the information you should have ready:

- Personal Background
- Financial Statements
- Business Certificate/License
- Loan Application History
- Business Overview
- Resumes

How do I apply for an SBA loan?

SBA loans are known to have a rigorous application process, but don't let that turn you away. Deal with an experienced lender in the SBA business and things can go relatively smooth.

What does it mean to be a preferred lender with the SBA? Does the government have to approve my loan?

The SBA's Preferred Lender Program allows banks to be pre-approved by the SBA to make loans on behalf of the SBA. SBA loans do not have to be approved by the government, meaning borrowers get the funds they need faster!

Why should I apply for an SBA loan through Dogwood State Bank Small Business Lending?

Dogwood State Bank Small Business Lending is an experienced SBA lender and one of the Top 50 Banks in terms of annual SBA loan volume. Our lending specialists are highly experienced in the SBA loan process and passionate about helping small businesses like yours obtain financial solutions.



Contributing Author

Scott Birkner

SBA Lending Specialist, Dogwood State Bank

Scott is a SBA Lending Specialist for Dogwood State Bank, specializing in start-ups, expansions refinances, partner buyouts, commercial real estate, and business acquisitions on a nationwide platform. He is a member of the BA, ACDA, ADI + many State Guilds. Scott has a passion for accomplishing anything he sets his mind to, and experiencing work and life to the fullest extent possible.