



LOAN GUARANTEE PROGRAM

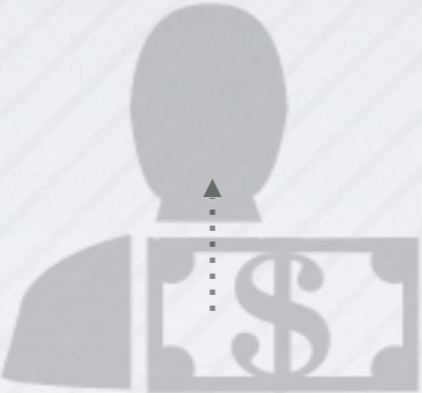
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OUR ROLE



Lender

Borrower



PROGRAM ORIGINS

- The Authority for the Loan Guarantee Program is California Corporation Code 14000 et. seq. “The Law”
- The Law created a \$30 million dollar trust fund and the Office of Small Business within the California Trade and Commerce Agency
- Small Business Development Corporation (510(c)3) locations:
 - > Fresno
 - > Los Angeles
 - > Oakland
 - > Sacramento
 - > Salinas
 - > Santa Ana
 - > San Diego
- The Small Business Development Board is made of eleven voting members appointed by the Governor and legislature

- > Up to 95% of outstanding loan amount based on interest
- > Maximum exposure of \$1,000,000
- > Maximum term of 7 years

At California Southern:

- We charge up to 2.5% (of our liability) plus a \$250 documentation fee
- For borrowers who could not obtain financing without guarantee:
 - Primary Repayment Source > Cash Flow
 - Secondary Repayment Source > Collateral

HOW IT WORKS

Step 1 > We receive your package from a bank willing to fund your loan. (If we receive the package directly from borrower, we refer them to a bank or financial institution).

Step 2 > We evaluate the package.

Step 3 > We review/underwrite the loan.

Step 4 > We present to the Loan Committee.

Step 5 > We present to the Board of Directors, in necessary.

GENERAL QUALIFICATIONS

- Borrower unable to meet lender's criteria without guarantee
- All loan proceeds to be used exclusively within California
- Must qualify as a small business under federal SBA definition
- Is not a specified speculative or entertainment business

BUSINESSES WE SERVE

- Small businesses with 1 – 20 employees and gross sales typically of \$1 million dollars or less, there are exceptions
- Start-ups and seasoned businesses
- Start-ups must be well collateralized, have excellent management qualifications, and owner's capital injection
- Most businesses are under collateralized, too new, or lacking in positive financial history for a bank to approve without a guarantee

QUESTIONS?

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