

PROGRAM: SBA Small Business Investment Company (SBIC)

DESCRIPTION: SBIC's are privately-owned and operated investment companies licensed by the Small Business Administration (SBA) to provide equity, venture capital and/or loans to small businesses and minority-owned businesses.

ELIGIBLE USE:

- The SBIC must provide equity capital to small businesses.
- The SBIC may loan money to small businesses in the form of debt securities.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: Small businesses qualifying for assistance benefit from equity capital, long-term loans and expert management assistance.
- Venture capitalists participating in the SBIC program can supplement their own private investment capital with funds obtained at favorable rates through assistance from the federal government.
- U.S. taxpayers also benefit. Tax revenues generated each year from successful SBIC investments more than cover the cost of the program and SBIC-financed businesses create jobs.
- Equity: Variable.
- Maturities: Generally five to 20 years.
- Rates: Are regulated by the SBA in the interest of the small business. The cost of money is limited to the applicable state regulations governing such loans and debt securities, or by SBA regulations, whichever is lower.
- Fees: Variable.

QUALIFICATION CRITERIA/COMMENTS:

- Private capital must be sufficient for the SBIC to be operated soundly and profitably.

SBIC's in good standing receive financial leverage from the SBA.

For more on the SBIC, visit <http://www.sba.gov/INV/mission.html> or visit the SBA homepage at http://www.sba.gov/starting_business/index.html .