

**PROGRAM:** SBA Qualified Employee Trusts Loan Program

**AGENCY:** Small Business Administration (SBA)

**DESCRIPTION:** The SBA offers guaranteed loans to employee trusts either to (1) help finance the growth of its employer's small business or (2) to purchase ownership or voting control of the employer.

**ELIGIBLE USES:**

- The SBA requires that the trust be sponsored by the employer firm and be primarily a source of loans or investment. The trust must be qualified under either the Internal Revenue Code as an Employee Stock Ownership Plan (ESOP) or the Department of Labor implementation of Employee Retirement Income Security Act (ERISA).

**PROGRAM/LOAN STRUCTURE:**

- Maximum Program Benefits: Guarantees a maximum amount up to \$750,000; 80% guarantee on loans up to \$100,000 and 75% on loans greater than \$100,000.
- Maturities: Usually seven years for working capital and up to 25 years for fixed assets.
- For rates and fees see the SBA Loan Guarantee program, also called the 7(a) program.

**QUALIFICATION CRITERIA/COMMENTS:**

- The SBA defines a small business as follows:
  - Manufacturing - Maximum number of employees may range from 500 to 1,500,
  - Wholesale - Maximum number of employees may not exceed 100,
  - Retail/Service - Average annual receipts may not exceed \$6 million to \$29 million, and
  - Construction - Average annual receipts may not exceed \$12 million to \$28.5 million.
- For more on the qualified employee trusts, visit <http://www.sba.gov/financing/loanprog/trusts.html> or visit the SBA homepage at [http://www.sba.gov/starting\\_business/index.html](http://www.sba.gov/starting_business/index.html) .