



Valley Small Business Development Corporation (Valley) was incorporated in 1981 as a nonprofit, public benefit, small business development corporation under section 14000 of the California Corporations Code. As such, Valley is licensed to make direct loans to farmers and small businesses in its Service Area, as well as provide State loan guarantees for small business loans to participating financial institutions. Our mission is to provide small businesses and family farms with increased access to capital.

California Small Business Loan Guarantee Program

The California Small Business Loan Guarantee Program enables a small business or farm to obtain a term loan or line of credit when it cannot otherwise qualify for a loan. The California Infrastructure and Economic Development Bank (“IBank”) administers the Small Business Loan Guarantee Program (“SBLGP or State program”) and the State Small Business Credit Initiative (“SSBCI or Federal program”) to help businesses create and retain jobs. The program encourages lenders to make small business loans that are not traditionally qualified and it provides a lender with the necessary security, in the form of a guarantee, to approve a loan or line of credit. The guarantees are issued on behalf of the State by seven non-profit Small Business Financial Development Corporations located throughout California. The loan guarantee is backed by Trust Funds, funded with State and Federal dollars, administered by the State of California.

Eligibility:

In general terms, to be eligible for the guarantee program, the loan must be new debt to the bank utilized for a business purpose; not a passive investment; not for a speculative purpose; and not used to pay delinquent taxes, reimburse funds owed to an owner or to reduce his/her ownership interest in the business, pyramid sales organizations, businesses engaged in gambling or businesses engaged in activities that promote illegal activities (selling drug paraphernalia, renting motel rooms for prostitution) are not eligible. Non-profit organizations and refinance of SBA Guaranteed loans are eligible.

Loan Purpose

Purchase, construct or improve real estate or facilities
Purchase and installation of equipment
Permanent working capital
Purchase of inventory
Business acquisition loans
Refinance pre-existing debt with a new lender
Refinance pre-existing debt with an existing lender, as long as new credit is extended.
Business operating lines of credit
Agricultural LOC’s and term loans

Maximum Limit

80% Guarantee up to \$2,500,000.00
- For either term loan or a line of credit

Interest Rate

Set by commercial lender

Guarantee Fees

2.5% of Guarantee Amount
\$250.00 Documentation Fee

Borrower Contribution

Contingent upon project, but generally 20%

Terms/Amortization

Guarantee up to 7 years
Fully amortized or balloon payment are acceptable
LOC’s – guarantee up to 7 years or less

Turn Around Time

Generally, approval is one week upon the receipt of a completed loan package from lender. Final guarantee commitment is issued within a few days of submittal of lender’s final loan docs.

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