

FINANCING YOUR BUSINESS

Financial Options and Funding Sources

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The Access to Capital Academy presented by the Phoenix Community & Economic Development and Investment Corporation (PCDIC) – helps entrepreneurs learn how to approach potential lenders with confidence and an increased chance at securing loans.



FINANCING OPTIONS



There are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

The primary source of capital for most new businesses come from personal savings and other forms of personal resources such as friends and family, when starting out. While credit cards often are used to finance business needs, there may be better options available, even for very small loans. Often, money is loaned interest-free or at a low rate which can be beneficial.

The most common source of funding, banks, and credit union will provide a loan if you can show a sound business proposal.

Generally, there are no grants to individuals to start or expand a small business.

The best source for federal grant programs is www.grants.gov. You can sign up for automatic updates, and the site also includes useful information regarding the federal grants submission process.

BORROWING MONEY

Lenders are not in the business of taking risks. Consequently, they have conservative and basic guidelines for financing.

A common loan criteria is known as the Five C's: Capacity, Collateral, Credit, Character and Conditions:

Capacity - the customer's ability to repay the loan based on the business' cash flow. Capacity should be demonstrated on a historical (*financial statements,*

three years of business tax returns, etc.) and prospective (*projections*) basis.

Collateral - property pledged by a borrower to protect the interest of the lender. By putting up collateral, you show that you are committed to the success of your business.

A financial institution avoids making loans without collateral. With an SBA loan, financial institution may relax some portion of its lending criteria.

Credit - have paid your debts more or less on time, no history of bankruptcy or creditor lawsuits, and have proven that you can use credit effectively. Lenders normally investigate both the company's and the owner's past credit history.

Character - the most subjective ingredient within the formula. It encompasses the lender's perceptions and analysis of the borrower's reputation and integrity, background and experience, financial sophistication, involvement and persistence.

Conditions - the terms of loan, including loan amount, interest rate and credit policies established by the financial institution.

APPLYING FOR LOANS

Businesses seeking financing will need:

- A completed loan application
- Three years of fiscal year-end business financial statements, including income statements and balance sheets
- Current year-to-date business financial statements >

APPLYING FOR LOANS *(continued)*

- Current personal financial statements from anyone owning 20 percent or more of the business
- Two years of personal income verification
- Management resumes
- A business debt schedule

Be prepared to fully discuss the

- **Size of Loan** - Be prepared to clearly identify the total funds needed. Be specific.
- **Owner Equity** - In most cases, the owner(s) will be expected to provide up to 50-percent of the funds required. This assures the lender that the business owners have a significant personal investment in the project.
- **How Funds Are to Be Used** - Be prepared to provide a detailed outline of the use of loan funds. Most loans are for one of the following reasons: (a) to purchase new equipment; (b) to pay off existing debts; or (c) to expand the business.
- **Why Your Company is a Good Credit Risk** - Briefly explain why your company has been, and will continue to be a good credit risk, and how this loan will help.
- **Personal Credit Record** - The personal credit record of each owner or officer will be reviewed by the lender. Be prepared to discuss financial records of your business and all owners or officers.
- **Payback Plan** - Clearly demonstrate how your company will be able to repay the loan. Information must include cash-flow projections. Your detailed business plan will provide valuable information for your lender.
- **Alternative Payback Plan** - The alternative payback plan clearly shows the lenders how the loan will be paid if your business fails.

See Chapter 2, Business Assistance and Counseling, for organizations that provide technical support in developing business plans.

Why a loan is declined? There are many reasons why a lender will decline a business loan request. They may range from a poorly conceived business idea to having little or no collateral. Ask the lender why your loan was declined - *Remember, if it's "no" today, learn how to make it "yes" tomorrow!*

LOAN PROPOSAL

To be successful obtaining a loan, you must be prepared and organized. Know exactly how much money you need, why you need it, and how you will pay it back. You must be able to convince your lender that you are a good credit risk.

Review the Business Planning section in Chapter 1 - the financial worksheets will help you prepare for your loan proposal.

SBA'S LOAN GUARANTY PROGRAMS

The SBA offers a wide variety of loan programs. See the next page for its loan guaranty programs.



U.S. SMALL BUSINESS ADMINISTRATION LOAN PROGRAMS

All SBA programs and services are provided on a nondiscriminatory basis.

7(a) LOAN PROGRAM

Program	Maximum Amount	Use of Proceeds	Maturity	Maximum Interest Rate	Structure	Who Qualifies	Benefit to Borrowers
Standard 7(a): Applicant applies for business loan to lender; Lender applies to SBA for guaranty of their proposed loan if they determine it is necessary. Loan from lender, not SBA.	\$5 million to any one business, including affiliates.	Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, lease-hold improvements; working capital; inventory, business acquisition, startups and refinancing under certain conditions (<i>discuss with lender</i>).	Depends on use of proceeds and ability to repay. Generally working capital and machinery & equipment loans have 5-10 years; real estate is up to 25 years. Term negotiated with lender.	SBA sets a maximum rate for both variable and fixed-rate loans (<i>discuss with lender or local SBA District Office for current information</i>).	Term loan with one payment of principal and interest (<i>P&I</i>) each month. Interest variable or fixed as negotiated with lender. Cannot be revolving. SBA charges a Guaranty Fee.**	Must be for-profit and meet SBA size standards; show good character, credit, management, and ability to repay; must be an eligible type of business, use proceeds for eligible purpose, and demonstrate that credit is not otherwise available.	Business able to obtain financing which otherwise would not be provided due to term, collateral, equity, and/or time in business. Fixed maturity; No balloons; No prepayment penalty if maturity under 15 years. Establish or re-affirm business relationship with a lender.
International Trade: Long term financing to help businesses engaged in exporting or adversely impacted by imports.	Same as Standard 7(a).	Acquire, renovate, modernize facilities or equipment used in making products or services to be exported, plus permanent working capital and refinance debt not structured with reasonable terms.	Same as Standard 7(a).	Same as Standard 7(a).	Same as Standard 7(a). Maximum SBA guaranty amount for working capital is \$4 million.	Same as Standard 7(a) plus businesses must be engaged or preparing to engage in international trade or adversely affected by competition from imports.	Same as Standard 7(a) plus long-term financing for fixed assets used to produce products or services for export.
Export Working Capital Program: Single transaction or Revolving Working Capital lines of credit for exporters.	Same as Standard 7(a).	Short-term, working capital for exporters. Can be single transaction or revolving. Standby Letters of Credit for export purposes.	Generally one year, but can be up to 3 years to match a single transaction cycle.	Established by lender. No SBA established maximums.	Short term revolving line of credit based on borrowing base or export purchase orders. Monthly interest payments; principal payments based on collection of foreign receivables.	Same as Standard 7(a) plus must have been in business for at least one year and preparing to engage in or increase international trade.	Same as Standard 7(a) plus provides working capital to American Exporters to perform on export transactions and/or finance export receivables. Ability to Financing Standby Letters of Credit for export purposes.
CAPLines: Four different Revolving Lines of Credit, a/k/a Seasonal, Contract Builders, Working Capital.	Same as Standard 7(a).	Finances: seasonal working capital needs, direct cost to perform assignable contracts, construction costs of structure for resale, or advances against existing inventory and receivables.	Up to 10 years.	Same as Standard 7(a).	Revolving line of credit with monthly interest and principal payments based on when the business receives the cash for doing the activity the loan proceeds financed.	Same as Standard 7(a) plus a business that needs the specialized proceeds this program offers.	Same as Standard 7(a) plus provides revolving working capital not otherwise available to perform on an assignable contract, to cover seasonal needs, to build or renovate personal or commercial space, and to obtain funds against existing current assets. Also structured to meet business needs.
SBAExpress: Lender approves the loan.	\$350,000.	Same as a Standard 7(a) or may be used for a revolving working capital line of credit.	Same as Standard 7(a) for term loans. Revolving lines of credit up to 7 years.	Loans \$50,000 or less: Prime + 6.5%. Loans over \$50,000: Prime + 4.5%.	Same as Standard 7(a) except lender has more leeway to structure repayment under their own rules.	Same as Standard 7(a).	Same as Standard 7(a) plus streamlined process; Easy-to-use line of credit and allows for a revolving feature which Standard 7(a) does not.
Small Loan Advantage: lower-dollar loans to under-served areas.	\$250,000.	Same as Standard 7(a).	Same as Standard 7(a).	Loans up to \$150,000: 85% Loans above \$150,000: 75%	Same as Standard 7(a).	Underserved markets.	Stream-lined application.
Rural Loan Advantage: Rural-based or small community lender.	\$350,000.	Same as Standard 7(a).	Same as Standard 7(a).	Loans up to \$150,000: 85% Loans above \$150,000: 75%	Same as Standard 7(a).	Rural and small community markets impacted by population loss, high unemployment.	Stream-lined application.

** The SBA charges the lender a guaranty fee based on the loan's maturity and the dollar amount which is initially guaranteed. The lender can pass this expense to the borrower and loan proceeds can be used to reimburse the lender. The 7(a) Guaranty Fee Reference Chart (on next page) explains the Agency's guaranty fee charges.

continued on next page >

U.S. SMALL BUSINESS ADMINISTRATION LOAN PROGRAMS

All SBA programs and services are provided on a nondiscriminatory basis.

7(a) LOAN PROGRAM, CONTINUED

Program	Maximum Amount	Use of Proceeds	Maturity	Maximum Interest Rate	Structure	Who Qualifies	Benefit to Borrowers
Export Express: Lender approves the loan.	\$500,000.	Same as SBA Express plus can be used for Standby Letters of Credit for export purposes. Debt refinancing is not allowed.	Same as SBA Express.	Same as SBA Express.	Same as SBA Express.	Same as SBA Express plus loan proceeds must be used to support export development activity.	Same as SBA Express plus provides lenders with a higher percentage guaranty which can encourage them to make more loans to finance export-development activities of small businesses. Standby Letters of Credit are also authorized.
Patriot Express: Lender approves the loan.	\$500,000.	Same as Standard 7(a).	Same as Standard 7(a).	Same as Standard 7(a).	Same as SBA Express.	Same as Standard 7(a) plus must be owned and controlled by one or more of the following groups equaling at least 51% total ownership: veteran, active-duty military, reservist or National Guard member or spouse of any of these groups, or widowed spouse of service member or veteran who died during service or of service-connected disability.	Same as SBA Express plus provides lenders with a higher percentage of guaranty which can encourage them to make more loans to qualified businesses.
Community Advantage: Alternative Lenders assisting businesses located in areas with high needs.	\$250,000.	Same as Standard 7(a) except cannot be used to refinance loans made by or guaranteed by the Dept. of Agriculture or loans by SBA Micro-Lenders using their SBA intermediary loan.	Same as Standard 7(a).	Same as Standard 7(a) except allowable "Spread" is + 4% over the base rate.	Allows mission-oriented lenders focused on economic development in underserved markets to apply for 7(a) guaranty on loan they propose to make to an eligible small business.	Loan eligibility requirements are same as for Standard 7(a) loans, but the business should be located in an underserved market.	Borrowers in underserved markets get more choices on the types of lenders who can provide them financing if their financing needs an SBA guaranty and the technical assistance needs of the applicant are assessed by the lender.

NON 7(a) LOANS

504 Loans: Fixed Asset Project Financing provided from three sources.	SBA portion up to \$5.0 million.	For the acquisition of long-term fixed-assets, refinancing long-term fixed-asset debt under certain conditions, and working capital on a limited basis.	Either 10 or 20 year term on the SBA/CDC portion.	Check with local SBA District Office for current information.	Financing from 1. The CDC Certified Development Company. 2. Third Party Lenders. 3. Applicant.	For-profit businesses that do not exceed \$15.0 million in tangible net worth and do not have an average net income over \$5 million for the past 2 years.	Fees under 3 percent; long-term fixed rate; low down payment; full amortization; no balloons.
Micro-Loans	\$50,000 total to one small business borrower.	Furniture, fixtures, supplies, inventory, equipment, and working capital.	Shortest term possible, not to exceed 6 years.	Check with local SBA District Office for locations of locally available intermediary lenders and then check with them.	Loans through non-profit lending organizations; technical assistance also provided.	Same as 7(a) plus loans can be made to non-profit day care businesses.	Direct loans from non-profit intermediary lenders; Fixed-rate financing; Very small loan amounts; Technical assistance available.

7(a) GUARANTY FEE REFERENCE CHART

Gross Size of Loan	Fees	Notes
Loans of \$150,000 or less (See Note 1).....	2% of guaranteed portion, Lender is authorized to retain....	Maturities that exceed 12 months
\$150,001 to \$700,000.....	3% of guaranteed portion.....	Maturities that exceed 12 months
\$700,001 to \$5,000,000 (See Note 2).....	3.5% of guaranteed portion up to \$1,000,000 PLUS.....	Maturities that exceed 12 months
	3.75% of the guaranteed portion over \$1,000,000	
Short Term Loans - up to \$5 million.....	0.25% of the guaranteed portion.....	Maturities of 12 months or less

NOTE 1: The guaranty fee on a \$100,000 loan with an 85% guaranty would be 2% of \$85,000 or \$1,700, of which the lender would retain \$425.

NOTE 2: The guaranty fee on a \$2,000,000 loan with a 75% guaranty (\$1.5 million guaranteed portion) would be, 3.5% of \$1,000,000 (\$35,000) PLUS 3.75% of \$500,000 (\$18,750), for a total of \$53,750.

COMMERCIAL LOANS

In Arizona, many businesses seek credit financing through a commercial bank. Commercial banks provide the business community with a variety of financing options such as SBA guaranteed loans, commercial installment loans, and letters of credit.

A loan officer from your bank can discuss which type of loan will best meet your needs, outline the application and procedures.

A variety of loan arrangements are available through finance companies, insurance companies and mortgage bankers. Review lender ratings on the SBA website at www.sba.gov/az, under "What's New."

SBA RESOURCES

Free clinics on how to prepare a SBA loan application and approach a lender to improve chances for approval. For schedules, visit the SBA website at www.sba.gov/az or call 602-745-7200.

Finance Primer: A Guide to SBA's Loan Guaranty Programs <http://app1.sba.gov/training/sbafp>.

The Small Business Resource magazine provides information on financing options to start or grow a business and can be viewed online at www.sbaguides.com.

SBA LENDERS LOCATED IN ARIZONA

There are many conventional banks, credit unions, and small business lending companies that specialize in business loans. Many of these lenders are authorized to handle SBA guaranteed loans and other small business financial programs. For a listing, www.sba.gov/content/arizona-lender-list, select "Arizona SBA Lender List."

SBA MICRO LENDERS: FINANCIAL SERVICES WITH TECHNICAL ASSISTANCE

Microloan programs provide small loans ranging from less than \$500 up to \$50,000. As part of this program, the SBA makes funds available to non-profit intermediaries that, in turn, make the small loans directly to entrepreneurs. Proceeds may be used for typical business purposes such as working capital, purchase of furniture, fixtures, machinery, supplies, equipment and/or inventory. Microloans may not be used for the purchase of real estate. Interest rates are negotiated between the borrower and the intermediary.

PPEP Microbusiness & Housing Development Corp (PMHDC)

802 E. 46th Street, Tucson, AZ 85713
520-889-4203; 800-293-2974

www.pmhdc.net/loans.html

Area Coverage: Cochise, Pima, Pinal, Santa Cruz, Yuma, rural Maricopa counties and the Navajo Nation

Prestamos CDFI, LLC,

a subsidiary of Chicanos Por La Causa Inc. (CPLC)

1024 E. Buckeye Road, Suite 270, Phoenix, AZ 85034
602-258-9911

www.prestamosloanfund.org

Area Coverage: All of Arizona

MICRO LENDERS

ACCION New Mexico, Arizona, Colorado

520-682-3648 www.accionnm.org

Area Coverage: Phoenix and Tucson

**Neighborhood Economic Development Corporation
(NEDCO)**

480-258-6927 www.nedco-mesa.org

Area Coverage: Phoenix and Phoenix-East Valley

The USDA Rural Development delivers a variety of assistance to rural businesses and communities. Several of the programs assist rural small businesses (including farmers and ranchers) directly. To view Arizona's Business and Cooperative Programs, visit USDA's website at www.rurdev.usda.gov/rbs/busp/bpdir.htm.

FUNDING SOURCES



Many entrepreneurs believe that having an idea, patent, or new product is all that is necessary to start and finance a new venture. However, there are important factors to consider before approaching traditional and alternative capital funding resources.

Often, entrepreneurs are disappointed to learn that professional investors don't invest money in ideas or new products. Sometimes financing a new venture requires creativity and resourcefulness. Some options include:

- **Personal Resources** - including personal funds, credit cards, money from family and friends, and home equity loans
- **Equity Barter** - trading equity in the company in exchange for services, product development, suppliers, goods, and management assistance prior to getting funded
- **Suppliers** - negotiating terms or signing promissory notes in lieu of cash payments
- **Leasing** - acquiring equipment through leasing versus using a bank loan
- **Licensing** - letting another company incur the cost of manufacturing, marketing and distribution in exchange for the payment of royalties
- **Strategic Partners** - convincing another company to pay the bills (*maybe the company's first customer or a company that needs the product internally or for their own market*)
- **Special Funds** - chambers of commerce and some government and private agencies may operate programs that help businesses raise capital for expansion or relocation, especially if the project will benefit the immediate community or boost economic development
- **Traditional Lenders** - commercial banks, including SBA lenders, are not in the venture capital business and usually stay away from making loans to startups, unless there are substantial business and personal assets (*real estate, equipment, marketable securities and home equity*) that they can take as collateral (*in addition to demanding good credit and other safeguards*)
- **Non-Traditional Lenders** - other types of lenders that will work with a new company and take more risk than banks, while charging higher interest rates (*taking accounts receivables, customer contracts and purchase orders as collateral*)

FUNDING SOURCES

Arizona Angels Investor Network

602-616-7833

www.arizonaangels.com

Arizona MultiBank Community Development Corporation

602-643-0030

www.multibank.org

Arizona Technology Investor Forum (ATIF)

480-965-6049

<http://atif.asu.edu>

Business Development Finance Corporation

Phoenix: 602-381-6292; 800-264-3377

Tucson: 520-623-3377; 866-630-1974

www.bdfc.com

Business Loan Alliance (BLA)

602-256-3112

www.phoenixnewmarkets.org/loan-programs/business-loan-alliance-program

City of Phoenix

Community and Economic Development Department

602-262-5040

www.phoenix.gov/econdev

Community Investment Corporation

520-529-1766

www.communityinvestmentcorporation.org

Desert Angels

520-490-8137

www.desertangels.org

Export-Import Bank of the United States

800-565-3946

www.exim.gov

Invest Southwest

480-788-5038

www.investsouthwest.org

Southwest Business Financing Corporation

Phoenix: 602-495-6495

Tucson: 520-297-3232

www.swbfc.com

In addition to the ACA's website, its weekly innovation newsletter provides information as new programs and financial resources become available. To receive this weekly newsletter, sign up on www.azcommerce.com.

SMALL BUSINESS CAPITAL INVESTMENT TAX CREDIT (ANGEL INVESTMENT)

Arizona's Small Business Capital Investment Tax Credit makes \$20 million available in tax credits to "investors" that make an investment in a company certified by the Arizona Commerce Authority (ACA). Angel investors are traditionally high net-worth individuals that are investing up to \$250,000 into companies with products and ideas that may resonate at a personal level.

This Arizona tax credit will assist early stage small businesses in attracting the much-needed capital to expand operations and bring new ideas, products and services to market. An investor may receive an Arizona income tax credit up to 30% or 35% of the investment amount, depending on the type or location of the company. For more information, visit the ACA website at www.azcommerce.com select "Incentives."

VENTURE CAPITAL

Venture capital firms provide equity financing to small businesses. This equity position usually ranges from 10-percent to 40-percent. Most venture capitalists indicate they are interested in proposals requiring an investment in the area of \$250,000 to \$1.5 million.

Venture capital financing is not commonly available for startup businesses. Inquiries should be made directly to the venture capital firms. For the Arizona list of licensed Small Business Investment Companies (SBIC), visit the SBA website at http://archive.sba.gov/aboutsba/sbaprograms/inv/INV_DIRECTORY_SBIC.html.

ARIZONA'S INCENTIVES, PROGRAMS AND GRANTS

Arizona is committed to helping businesses succeed. The state's incentives, programs and grants that are administered by the Arizona Commerce Authority are listed on the following page. For more details, visit the ACA website at www.azcommerce.com select "Incentives."



ACA'S INCENTIVE TOOL BOX

Arizona Competes Fund	<ul style="list-style-type: none"> • Cash assistance for business attraction projects that stimulate and promote industries that provide stable, high-wage jobs • Assistance will be performance-based and must result in a net benefit to the state
Arizona FAST Grant	<ul style="list-style-type: none"> • Cash assistance to initiate the technology commercialization process • Grant up to \$7,500 to provide select professional consulting services
Arizona Innovation Accelerator Fund Program	<ul style="list-style-type: none"> • Loan participation program to spur business expansion and job creation • Loans from \$50,000 - \$2 million for up to 49.9% of a financing package • Principle and interest payments may be deferred for up to 24 months
Arizona Innovation Challenge	<ul style="list-style-type: none"> • Cash assistance for promising technology ventures • Grants range from \$100,000 - \$250,000
Arizona STEP Grant	<ul style="list-style-type: none"> • Cash assistance to help develop international export opportunities • Reimbursable grants up to \$10,000
Commercial & Industrial Solar Energy Program Private Activity Bonds	<ul style="list-style-type: none"> • Tax credit equal to 10% of the installed cost of the solar energy device <ul style="list-style-type: none"> - Up to \$25,000 per location per year - Not to exceed \$50,000 per taxpayer per year
Healthy Forest Tax Incentives	<ul style="list-style-type: none"> • Use fuel tax rate of 9¢ per gallon • Up to \$3,000 tax credit for each net new job created • Transaction Privilege Tax Exemption on qualifying equipment purchase or lease contracts • Transaction Privilege Tax Exemption on construction contracts • Use Tax Exemption on qualifying equipment purchased out-of-state • Property tax reductions of up to 75% for up to five years • Workforce training tax credit up to \$9,000 for each net new job created
Job Training Program	<ul style="list-style-type: none"> • Cash assistance up to \$1.5M per business <ul style="list-style-type: none"> - New jobs up to 75% of eligible training expenses can be reimbursed - Incumbent jobs up to 50% of eligible training expenses can be reimbursed
Military Reuse Zones	<ul style="list-style-type: none"> • Tax credits of up to \$10,000 for each new employee • Property tax reductions of up to 75% for up to five years • Transaction Privilege Tax Exemption on certain types of construction
Private Activity Bonds	<ul style="list-style-type: none"> • Alternative financing mechanism • Interest on bonds is exempt from federal income tax for most bondholders
Qualified Energy Conservation Bonds	<ul style="list-style-type: none"> • Alternative financing mechanism • Qualified tax credit bond • Credit rate is 70% of the credit rate that would allow the bond to sell at par
Quality Jobs Program	<ul style="list-style-type: none"> • Tax credit up to \$9,000 per new net qualified employee over a 3 year period
Qualified Facilities Tax Credit	<ul style="list-style-type: none"> • Refundable tax credit up to 10% of the company's investment or \$20,000 per new job, whichever is less
Renewable Energy Tax Incentives	<ul style="list-style-type: none"> • Refundable tax credit up to 10% of the company's investment • Property tax reductions of up to 75% for up to fifteen years
Research & Development Program	<ul style="list-style-type: none"> • Tax credit up to <ul style="list-style-type: none"> - 24% of increased R&D expenses - \$600,000 plus 15% on the expenses in excess of \$2.5 million - 34% of expenses if made in conjunction with an AZ public university • Up to 75% of the excess tax credit can be refunded to small businesses
Small Business Capital Investment Tax Credit (<i>Angel Investment</i>)	<ul style="list-style-type: none"> • Tax credit up to 35% of investment amount over 3 years • Elimination of capital gains tax on income derived from investment in certified companies

FUNDING FOR INNOVATION AND TECHNOLOGY COMPANIES

ARIZONA INNOVATION ACCELERATOR FUND

In 2011, the Arizona Commerce Authority (ACA) was awarded \$18.2 million from the U.S. Department of Treasury's Small Business Credit Initiative for the Arizona Innovation Accelerator Fund program. This loan participation program helps spur financing to small businesses and manufacturers, in collaboration with private finance partners, to foster business expansion and job creation in the state.

Financing packages may range from \$50,000 to \$2 million. Loan proceeds are to be used for working capital, inventory, equipment purchase, and real property improvements.

The ACA will target industries including renewable energy and sustainability, bio and life sciences, electronics, information technology, aerospace and defense, and advanced manufacturing. ACA's website, www.azcommerce.com/arizona-innovation-accelerator-fund, provides more detailed information and an application form for this program.

ARIZONA STATE TRADE AND EXPORT PROMOTION (STEP) PROGRAM

The STEP program will assist Arizona small businesses enter export markets for the first time or to expand into new markets. For more details, see Chapter 7 and visit the ACA website at www.azcommerce.com/az-step-grant.

STEP is partially funded by the SBA. SBA's funding is not an endorsement of any products, opinions or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.

ARIZONA INNOVATION CHALLENGE

The Arizona Innovation Challenge advances innovation and technology commercialization opportunities in Arizona by supporting early stage ventures in Arizona's targeted industries (*renewable energy and sustainability, bio and life sciences, electronics, information technologies, aerospace and defense and advanced manufacturing*). Companies receiving awards will be required to commercialize their technology and generate revenue within one year. For more information, visit the website at www.azinnovationchallenge.com.

AZ FAST GRANT PROGRAM

The Arizona Commerce Authority launched the AZ Fast Grant Program in December 2011. This competitive grant program provides seed money to technology-based companies to help initiate the commercialization process. Companies with fewer than 30 employees and revenues less than \$2 million may qualify to receive up to \$7,500 for professional consulting services to help bring their product to the next stage of completion.

This grant program will be offered periodically throughout the year. A full description of the requirements and grant application is online at www.azcommerce.com/az-fast-grant.

SBIR/STTR PROPOSAL TRAINING PROGRAM

The P^{III} Playbook is an Arizona Commerce Authority structured program of training and technical assistance enabling high-growth potential small technology firms to compete more effectively for federal SBIR/STTR Phase I and II awards and ultimately commercialize their innovations in Phase III. For more details and application, visit www.azcommerce.com/sbirsttr-proposal-training-program.

P^{III} Playbook is partially funded by the SBA. SBA's funding is not an endorsement of any products, opinions or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.

To learn more about both the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) funding programs, visit the SBA website at www.sba.gov/about-sba-services/7050.

