[From Iron Age, Philadelphia, Pa., Nov. 2, 1967]

SBA Offers New Loan Plan for Used Machinery Buyers

In con-unction with the Machinery Dealers National Assn., the Small Business Administration announces that it is now making loans available to small metal-working companies who buy used machine tools.

Details of the new plan were unveiled last week at MDNA's annual fall conference.

According to SBA administrator Robert Blewitt, loans covering up to 80% of a used machine tool will be offered under the plan providing the buyer puts 20% down with repayments not to exceed a five-year period. This, he said, applied only to the purchase of machine tools that have been manufactured during or after 1950, and which have been cleaned, painted and cycled.

He also pointed out that SBA will not authorize a loan unless the purchased machine tool can be delivered to the buyer within five months of the approval date. However, if a guaranteed loan is effected, the delivery restriction is dropped.

A guaranteed loan, Blewitt explained, is one of three types available to the buyer. Under it, SBA will guarantee up to $350,000 of a bank loan for the purchase of used machine tools. Other programs available include financing up to $100,000 on a direct loan from SBA funds, and up to $150,000 on a bank participation loan.

To be eligible for a loan, Blewitt noted that the purchasing company must show financial soundness and offer reasonable assurance of repayment under existing terms. He added that the only collateral the Administration requires is a first lien on the machinery bought, and in some cases unsecured guarantees and a lessor's agreement if the machinery is located on leased premises.

[From American Machinist Metalworking Manufacturing, New York, N.Y., Nov. 6, 1967]

Used Machine Tool Loans Available

The Small Business Administration will allow loans to firms covering up to 80% of the cost of a used machine tool. This new plan is modeled closely after the one adopted one year ago for new machine tools, the SBA said.

This program applies only to machine tools manufactured during or after 1950 and which have been cleaned, painted, and cycled. Purchasers of the machinery must provide at least 20% of the cost, and the maximum term of the SBA loan is five years, amortized on a monthly basis, according to SBA.

The agency is prepared to lend up to $100,000 on a direct loan, up to $150,000 on a bank participation loan, and will guarantee up to $350,000 of a bank loan made for the purchase of used machine tools.

Commenting on the program, Richard L Studley, executive director of the Machinery Dealers National Assn (MDNA) said, "We are most gratified by SBA's action. We feel the program will greatly assist the tool and die shops and smaller manufacturing companies who find it difficult to obtain financing through normal channels at a reasonable rate for their purchases of used equipment.

"This program could permit the smaller manufacturer to expand rapidly for contracts that often won't wait for delivery of a new machine and may not be large enough to justify its purchase anyway. The survival or failure of these shops is often dependent upon their ability to tool up with little lead time. This is one of the functions filled by used machines," Studley said.

[From Steel, The Metalworking Weekly, Nov. 20, 1967]

SBA Loans 80% on Used Machine

Loans covering up to 80% of the cost of a reconditioned machine tool are now available to small businessmen through the Small Business Administration. SBA is prepared to make direct loans up to $100,000. It will go up to $150,000 on a bank participation loan; and will guarantee up to $350,000 of a bank loan.