

SMALL AND MINORITY-OWNED BUSINESS ASSISTANCE PROGRAM (SMOB)



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www.tn.gov/treasury/smob

What is SMOB?

The Small and Minority-Owned Business Assistance Program (SMOB) was created within the State of Tennessee Treasury Department by Public Chapter 830 of the Acts of 2004.

The legislative intent is for the department to use the assistance provided by this program to support outreach to new, expanding and existing businesses in Tennessee that do not have reasonable access to capital markets and traditional commercial lending facilities.

As part of the development process, the department held hearings around the state, conferred with members of the legislature and other state and private agencies to prepare and develop the rules governing the program.

SMOB consists of two components: loans and program services. The loans provided must be for a specific project. Acceptable purposes for loan proceeds can include:

- ❖ Acquisition of machinery and equipment
- ❖ Working capital

- ❖ Supplies and materials
- ❖ Inventory
- ❖ Certain other business-related activity

Loans to Qualified Businesses

For SMOB purposes, “qualifying business” means a sole proprietorship, a partnership, a limited liability partnership, a limited liability corporation, or any other incorporated entity which satisfies the following definitions under these rules: is not an ineligible business; is either a small business or a minority-owned business; is eligible to do business in Tennessee; and is located in and maintains operations in Tennessee at the time program services are requested and for the term that program services are provided.

The principle function of the Small and Minority-Owned Business Assistance Program is to provide a significant statewide platform through a support structure that fosters the expansion of small and minority-owned businesses in Tennessee.

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Loan Structure

Maximum Loan Amount = \$125,000

Interest rates will range between 2% below the "Prime Rate" as published in the Wall Street Journal to 2% above the "Prime Rate" and may be fixed or variable.

Loan Purposes and Related Repayment Periods

Acquisition of Machinery or Equipment	5 years (or useful life)
Working Capital, Inventory and Supplies	3 years
Other Business-Related Activity	5 years (or useful life)



Program Services

SMOB will provide program services in the form of technical assistance, education and consulting services to qualifying businesses that may or may not be making application for loans under the program. Program services shall include, but shall not be limited to:

- ❖ Financial counseling
- ❖ Assistance with the packaging of loan proposals
- ❖ Developing strategies for improved cash flow management
- ❖ Implementing internal financial management systems
- ❖ Strategic planning
- ❖ Conducting pertinent training workshops and seminars
- ❖ Certifying qualifying businesses with the Governor's Office of Diversity Business Enterprise (Go-DBE) and identifying procurement opportunities with state, federal, and local government systems.

For More Information ...

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This brochure is intended to provide a general summary of the provisions governing the Tennessee Small and Minority-Owned Business Assistance Program (SMOB). This brochure summarizes the major provisions of SMOB applicable as of March 27, 2007. The information in this brochure is subject to legislative change and judicial interpretation.

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