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— BANK —

LEADER

COGENT BANK'S INDUSTRY LEADER INSIGHTS

Hear from our market leaders
on how Cogent Bank can keep
Moving You Forward.

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ESSENTIAL SBA LOANS FOR MALL BUSINESSES

An Interview with Katrina Winberg

September 17, 2024



Essential SBA Loans for Small Businesses: Insights from Cogent Bank

There were 57,362 SBA 7(a) and 504 loan approvals in 2023, totaling 27.52 billion in financing for small businesses across the country. Here in Florida, our three million small businesses make up 99.8% of the total businesses in the state. Small businesses are the backbone of our local, state, and national economies. However, it isn't always easy for small businesses to obtain the funding they need to expand, grow, and thrive. For this article, we interviewed Katrina Winberg, Managing Director of SBA Lending at Cogent Bank. Katrina joined Cogent in 2021 and has over 30 years of experience in SBA Lending. Keep reading for Katrina's advice to small business owners on applying for SBA loans and more.

What initial steps should aspiring entrepreneurs take before starting a small business?

Aspiring entrepreneurs should be extremely diligent in their consideration of any business opportunity. The exercise of preparing a business plan is deliberate. The primary goal is to have the entrepreneur think through and evaluate each key component involved in their proposed business. This exercise aids in determining all the resources needed to achieve success. Initial steps should include:

- Having your personal finances in order.
- Having a solid understanding of the business's operational and financial management.
- Possessing the ability to relay both in written and oral form.

This will go a long way toward allowing your lender to share your vision and secure the financing you seek.

Can a start-up business secure an SBA loan?

Entrepreneurs and start-ups can qualify for SBA financing as long as they meet program eligibility requirements. The primary metrics are being a "for-profit" entity located within the United States or a U.S. territory and deemed small in size based on the SBA's industry standards. Not all lenders are willing to consider financing start-ups, but Cogent does.

When it comes to start-ups, we're looking for industry experience or strong transferable skills, as well as how you've handled your personal credit and character. SBA applicants need to have capital to put into their business—with a start-up, the more capital, the better. The SBA no longer has an equity requirement, but most lenders, including Cogent, still have a 10% minimum.

When starting a business, many entrepreneurs use the equity in their homes to source cash injection and to serve as collateral. Another source of equity injection, which is often overlooked, is the opportunity to redirect 401K money into an entrepreneur's start-up business. Some retirement accounts may roll over into a new business without incurring tax penalties via special programs that exist to assist entrepreneurs. Anyone considering this option should consult with their tax advisor, CPA, or legal counsel to ensure they are well-educated on the requirements when considering their options.

How can a new business owner determine the best business structure for their company?

New business owners should seek counsel from their legal and financial advisors when working to determine the best structure for their company. We also encourage new business owners to consult with a Small Business Development Center (SBDC). They can assist with all aspects of financial and operational planning. Small Business Development Centers are located across the country and offer free counseling and training for small businesses. The SBDCs near our Florida locations include:

- Miami
- Tampa
- Fort Myers
- Jacksonville
- Orlando

What are the key financial considerations when starting a small business?

Projections are key for a new business, and borrowers often need help with them. Financial projections can make or break any small business. They should be thoroughly evaluated to ensure that the assumptions used to project revenues, expenses, profitability, and the level of working capital needed to support a business from inception to stabilization are carefully considered.

How should new business owners approach budgeting and financial planning in the early stages?

For new business owners, the challenge often comes as a lack of cash available for injection or collateral to secure the loan amount sought. The best advice is to plan early for both, accumulating some savings for equity infusion and collateral. Any business assets being financed will serve as primary collateral to secure the loan.

SBA recently made a program change that can assist with both challenges when an opportunity involves a full change in ownership. SBA will now allow a borrower to meet the minimum equity injection of 10% for a complete change in ownership via seller financing, provided that the seller note is on full stand-by for two years and fully amortizing thereafter. Any seller note must be subordinate to SBA.

It's also helpful for new entrepreneurs to have experience with cash flow and other aspects of business financial planning and budgeting. A lender will want to feel confident that the borrower has a solid understanding of the fiscal management required to be successful.

How important is personal credit history when applying for a business loan as a new entrepreneur?

Personal credit history is an important factor that is taken into account when considering the extension of capital. In situations where there is no historical business financial information, it becomes even more important, as it is one of only a few historical data points available for review and potentially indicative of how one might handle the fiscal management of their business.

As lenders, we recognize that sometimes events outside of one's control could have adversely affected personal credit; this is why we evaluate history beyond solely looking at a credit score. It is important for applicants to be aware of their credit history and transparent about any deficiencies at the outset of conversations with a lender.

How can new business owners build a strong relationship with their bank, and why is it important?

Business owners can build a strong relationship with their bank by taking advantage of a wide array of services available through the bank. A full-service relationship often builds more familiarity between the borrower and their lender, affording better lines of communication and the evolution of a robust business/banking relationship. Relationships matter and are often most beneficial during tough economic times when a borrower may be in need of additional assistance. Having a lender who is familiar with you and your business gives you a clear advantage over reaching out to a general banking line or a toll-free number in a time of need. Cogent welcomes the opportunity to build a solid relationship with each and every one of our clients.

Can you share a success story of a start-up that has benefited from your bank's services and support?

We recently worked with a small HVAC business owner who had never borrowed money before. He was new to the process and didn't know where to start. We provided him with a road map starting with the financial information needed and culminating in an expedited timeline from start to close in order to accommodate a short fuse on a real estate contract. In addition to the challenges posed by first-time borrowers and the condensed time frame under which to execute, the borrower desired to conserve capital for business operations. Given that his business was relatively young and still in growth mode, we understood the need. We were able to deliver 90% of the financing, which allowed the small business owner to relocate from a home office to his very own commercial building while allowing him to retain the capital needed to fuel continued growth.

What makes Cogent a good banking partner for SBA loans?

At Cogent, we can help you start or expand your business with an SBA loan. As an SBA Preferred Lender, we can expedite credit decisions on SBA loans by utilizing our unilateral authority, which helps move the process along. Our experienced SBA lending team specializes in helping small businesses obtain the long-term financing they need through SBA 504 and 7(a) loans. While we have the ability to lend nationwide, our primary focus is the state of Florida and the greater Southeast. Meet Katrina and the rest of our team, and [contact us today to learn more!](#)

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BENEFITS OF COMMUNITY BANKING FOR BUSINESSES

An Interview with Nick Blaser

June 18, 2024



Interview With Nick Blaser: Benefits of Community Banking For Businesses

Are you looking for a better business banking experience in Ocala? Partnering with a true community bank gives you the responsiveness, accessibility, and easier banking you're looking for. For this blog, we sat down with Nick Blaser, Market President of North Central Florida, to learn more about the meaningful banking experience he and his team are building in Ocala.

Tell us a little bit about yourself and your current role at Cogent.

I moved to Florida about 37 years ago, when I attended Jacksonville University and earned a degree that was focused on finance and accounting. I had no idea at that time I would look back 32 years later and say I've been a banker for that long! I moved to Ocala about 28 years ago and I just absolutely love it here! My two adult daughters were born and raised here. And this is where I met my beautiful wife Erin, who grew up just outside of Ocala, in a place called Weirsdale.

I've spent most of my banking career as a Commercial Relationship Manager, managing the financial solution needs of business owners. Last year, as the Market President of a large Regional Bank, I decided to leave and join Cogent Bank.

Being a leader and giving back to the community is very important to me! I currently serve on the Board of Directors of our Ocala Metro Chamber and Economic Partnership. The most recent Census shows that 269 people every week are moving to the Ocala Metro and we are the #4 fastest rate of growth in the country! I'm very proud of our organization and what we are doing for Ocala. I've enjoyed serving in leadership roles on other non-profit organizations like the Public Education Foundation, United Way and Rotary to name a few.

Outside of my profession and my community involvement, my passion is the sports of running and triathlon. I have competed in running and in triathlons for more than 10 years, in many local, state, national and international competitions. I ran in the Boston Marathon, and I am a 9-time Ironman finisher and will be competing in what will be my last one this month in Texas. These sports have changed my life! What I have learned from endurance racing has mapped over into my professional career. How to face and overcome adversity. How to remain patient and take one step at a time. How to appreciate life and find happiness. It brought me closer to my faith. And now I bring those attributes to Cogent Bank and building a new Bank in our community.

How do you approach commercial banking at Cogent?

Ultimately, all banks generally sell the same commodities and services. So, it's imperative that we differentiate ourselves from our competition. At Cogent Bank, we believe banking is personal and requires high touch innovative services designed to make managing financial transactions easier. We must build meaningful personal relationships with people (clients and community) and make it easy for them to do business with us by being responsive and accessible. While that sounds simple, few banks do it well. At Cogent Bank of North Central Florida, the reason we come to work every day is to inspire our clients by providing them with value in the form of financial solutions. That's our WHY, our HOW and our WHAT!

If I showed a business owner or CFO a way to slow down their payables and speed up their receivables and therefore increasing the enterprise value of their business, would that inspire them to do business with me? We must think differently and ask our business owners where they want to end up so we can help them get there! We take a holistic approach to their banking so we can meet their financial goals.

Since last May, Cogent Bank of North Central Florida has assembled a great team of banking experts to serve Ocala and Gainesville. We have 8 team members with combined banking experience of 212 years, that are from these communities. We have inspired so many clients already and we are super excited to announce that we were approved by the FDIC to have our new Banking Center located in downtown Ocala, right on the Square, and we anticipate it opening this Summer!

Why should businesses partner with a community bank versus a larger financial institution?

There are 30 Banks and Credit Unions in Marion County! Marion County is a community, so which Banks are community banks? Generally, we assume the smaller banks are what we call "community banks." However, do they all make banking easier? Are bankers accessible and responsive? Do they provide value in the form of financial solutions? Do they inspire you to do business with them? Not all the small banks do this well. And then there are some Regional Banks that say they have a community bank model, which couldn't be further from the truth!

We're finding that many of our clients are coming to us because they aren't happy with their current bank, big or small, for many of the reasons I have pointed out. It's about creating a culture, a purpose, that builds trust in the communities you serve. That's what a community bank should be and that's what Cogent Bank of North Central Florida is building in Ocala and Gainesville.

What makes Cogent Bank, specifically, a good banking partner for businesses?

We offer all the financial solutions the larger banks have to offer but the difference is that we are responsive, highly accessible and can be a local strategic advisor to help business owners achieve their financial goals. And we make it easier!

Can you share any advice you might have for a business that is seeking a new relationship with a banking partner?

We're just super excited to build something of our own here – all of us, not just me. This isn't my bank. We have an opportunity to change people's lives financially. We don't want to be the best bank in North Central Florida. We want to be the best bank FOR North Central Florida!

Meet our Ocala Banking Center team!

Nick and the rest of the Ocala team are dedicated to providing the personalized banking experience you deserve. [Contact us today](#) to learn more about Business Banking at Cogent and how we can help you move forward!

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