

## Guide for the SBA 7(a) Loan Program

### WHAT IS THE 7(a) PROGRAM?

Financing designed to promote small business formation and growth by guaranteeing long-term loans to qualified firms.

### WHO CAN QUALIFY?

Most for-profit small businesses in the U.S. are eligible. This includes the following business types: manufacturers, retail and service businesses, franchises and professional businesses. Size standards are in place. Please call for more detailed information.

### ELIGIBLE USE OF FUNDS

- Owner Occupied Real Estate - Purchase, Refinance & Expansion
- Owner Occupied Real Estate Construction
- Machinery, Equipment, Furniture & Fixtures
- Business Acquisitions
- Inventory
- Working Capital
- Debt Refinance (subject to specific eligibility requirements)
- Tenant Improvements
- Startups

### BENEFITS FOR BORROWERS

- Finance up to 90% of the project w/commercial real estate
- Low equity contribution (preserves working capital)
- Fully amortizing loans
- Some soft costs may be rolled into the project financing

### SAMPLE PROJECTS FINANCED BY 7A

- Office Buildings
- Medical Clinics
- Franchises
- Restaurants
- Car Wash
- Child/Adult/Pet Daycare
- Dentists
- Printing/Copying
- Suppliers/Wholesalers
- Manufacturers
- Movie Theaters

### LOAN AMOUNT

- \$250,000 - \$2,000,000

### TERMS

- Up to 25 Years for Commercial Real Estate
- Up to 10 years for Equipment and Business Acquisitions
- Up to 7 years for Working Capital
- Fully-Amortized over life of loan (No Balloon)

### LOAN TO VALUE

- Up to 90%

### INTEREST RATE

- Variable Rate based on a spread over the WSJ Prime Rate

### FEES

- One time SBA Loan Guarantee Fee based upon guaranteed amount
- No loan origination fee

### BORROWER'S INJECTION

- Equity will start as low as 10% on commercial real estate

### RECOURSE

- Personal Guarantees required for all individuals owning 20% or more
- Corporate Guarantees may be required for affiliated companies

### OCCUPANCY

- 51% for existing facilities/buildings (renovations and expansions are eligible)
- 60% for Ground-Up Construction Projects (should occupy 80% within 10 years)