

SBA 7A loan guidelines

SBA 7(a) Program Overview

The SBA 7(a) loan program provides financing to expand, acquire or start a small business and is based on several factors, including the ability to repay, the purpose of the loan proceeds, and the useful life of the assets financed. Projects are secured by a 1st Deed of Trust/Mortgage on General and Special Purpose commercial real estate, meeting SBA qualifications, having a maximum Loan to Value of 90%, depending on program parameters.

Typical Project Structure:

- 75% to 90% LTV 1st DOT/Mortgage
- 10% to 25% Equity Injection

SBA 7(a) Eligible Use of Proceeds:

- To purchase land or buildings, to cover new construction as well as expansion or conversion of existing facilities.
- To acquire equipment, machinery, furniture, fixtures, supplies, or materials.
- For long-term working capital, including the payment of accounts payable and/or for the purchase of inventory.
- To refinance existing business indebtedness that is not already structured with reasonable terms and conditions.
- For short-term working capital needs, including seasonal financing, contract performance, construction financing, export production, and for financing against existing inventory and receivable under special conditions.
- To purchase an existing business.

SBA 7(a) Ineligible Use of Proceeds:

- To effect a partial change of business ownership or a change that will not benefit the business.
- To permit the reimbursement of funds owed to any owner, including any equity injection or injection of capital for the business's continuance until the loan supported by SBA is disbursed.
- To repay delinquent state or federal withholding taxes or other funds that should be held in trust or escrow.

7(a) Rates/Fees:

- Interest rates are generally adjustable based loans, tied to the Prime Index. Maturities up to 25 years are available, based upon the use of funds. Fees are based on the total loan request and calculated on the guaranteed portion of the loan.

Product Summary

Eligible Property Types:

- **Office:** Professional, Condominium, Medical, Dental and Veterinarian.
- **Industrial:** Heavy and Light Manufacturing, Warehouse and R&D Flex.
- **Retail:** General.
- **Special Purpose:** Assisted Living Facilities / Adult Care, Day Care Facilities, Restaurants, Funeral Homes and Hotels/Motels.

Maximum Loan Amount: 1st DOT/Mortgage – \$2,000,000.

Rate Option: Prime Based Quarterly Adjustable.

Maturity and Amortization:

- Real estate – Up to 25 Years
- Business acquisition – Up to 10 Years
- Equipment acquisition – Up to 10 Years
- Debt refinancing – 7 to 10 Years
- Permanent working capital – Up to 7 Years

**Blended Maturity and Amortization applicable.

Maximum LTV:

- Real estate – Up to 90% LTV
- Business acquisition – Up to 80% LTC
- Equipment acquisition, Permanent working capital & debt refinancing up to 100% LTC fully collateralized.

Minimum Debt Coverage Ratio:

- 1.25x Minimum Debt Coverage Ratio (“DCR”) for the most recent FYE and Interim period. The DCR will be based on the underwritten EBITDA of the Small Business Concern.

Occupancy:

- 51% or greater must be occupied by the Small Business Concern.

Borrower /**Guarantor Characteristics:**

- Prior Ownership and Management Experience.
- Minimum FICO 665.

Recourse:

- All loans are Full Recourse and require the personal guarantee of any and all individuals or entities holding 20% ownership interest or more.

Construction Financing:

- Available for Multi-Purpose Projects. Please call for Program Information.