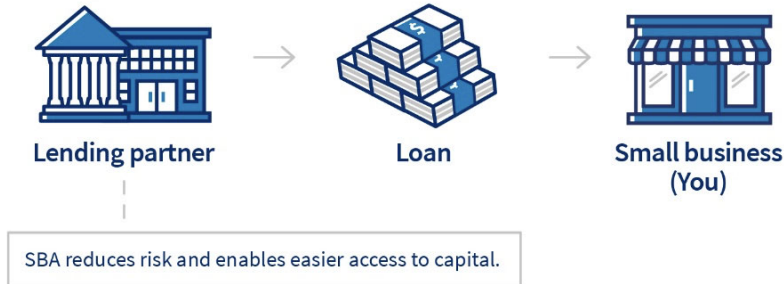


SBA Loans



What is the SBA 7(a) Program?

The 7(a) Loan Program is SBA's primary program for helping start-up and existing small businesses, with financing guaranteed for a variety of general business purposes.



Use of proceeds

- Equipment purchases (machinery, business vehicles)
- Permanent working capital
- Inventory
- Business expansion
- Business purchase (100% change in ownership)
- Real estate purchase
- Land acquisition and real estate construction
- Real estate improvements
- Refinance of existing business debt

Amounts

Minimum- \$25,000
Maximum – \$5 Million

Maturity

- Inventory or working capital- Typically structured at 7 years, but not to exceed a maximum of 10 years
- Equipment, fixtures, or furniture- Typically structured at 7 years but not to exceed a maximum of 10 years, it may not exceed the economic useful life.
- Real Estate, including acquisition, rehabilitation, renovation, or construction- Up to 25 years plus any interest period to reasonably complete the construction or improvements

Interest rate and terms

- Variable Rates - Prime Rate based on loan amount and credit risk
- Fully Amortized over life of loan (no balloon payment)
- Pre-Payment Penalty
 - Under 15-year term- None,
 - 15 Years of Greater- 5,3,1%
- SBA Fee
 - \$500,000 or Less = 0.0%
 - \$500,001-\$700,000 = 0.55%
 - \$700,001- \$1,000,000 = 1.05%
 - \$1,000,001- \$5,000,000= 3.5% (Up to \$1Mil plus 3.75% over \$1.Mil)
- Lender may charge up to \$2,500 packaging fee

Who qualifies?

- Must be for profit and meet size standards
- Good character and credit management
- Must be an eligible type of business

Benefits for borrowers

- Long term financing
- Improved Cash flow
- Fixed Maturity
- No balloons
- No prepayment penalty under 15 years