**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.

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### Use of proceeds
- Equipment purchases (machinery, business vehicles)
- Permanent working capital
- Inventory
- Business expansion
- Purchase an existing business
- Partial change of business 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 (Blended Maturity can apply)

### 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
  - $1 Million or Less = 0.0%
  - $1,000,001- $2,000,000= 1.45% (Up to $1Mil plus 1.70% over $1.Mil
  - $2,000,001- $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