

SBA Desk Top Reference Guide

The SBA Loan programs are long term financing tools designed to help you expand your markets and provide full service financing to your members and prospects.

Program	Maximum Loan Amount	Percent of Guaranty	Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees	Who Qualifies	Benefits to Borrowers
7(a) Loans	\$5 million gross	85% for loans of \$150,000 or less; 75% for loans greater than \$150,000 (up to \$3.75 million maximum guaranty)	Term Loan. Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, lease-hold improvements; working capital; refinance debt for compelling reasons; seasonal line of credit, inventory	Depends on ability to repay. Generally, working capital & machinery & equipment (not to exceed life of equipment) is 5-10 years; real estate is 25 years.	Loans less than 7 years: \$0 - \$25,000 Prime + 4.25% \$25,001 - \$50,000 P + 3.25% Over \$50,000 Prime + 2.25% Loans 7 years or longer: 0 - \$25,000 Prime + 4.75% \$25,001 - \$50,000 P + 3.75% Over \$50,000 Prime + 2.75%	(Fee charged on guaranteed portion of loan only) Maturity: 1 year or less 0.25% guaranty fee; over 1 year: \$150,000 gross amount or less = 2.0%; 150,001—\$700,000 = 3.0%; over \$700,000 = 3.5%; 3.75% on guaranty portion over \$1 million. Ongoing fee of 0.55%.	Must be a for profit business & meet SBA size standards; show good character, credit, management, and ability to repay. Must be an eligible type of business. Prepayment penalty for loans with maturities of 15 years or more if prepaid during first 3 years. (5% year 1, 3% year 2 and 1% year 3)	Long-term financing; Improved cash flow; Fixed maturity; No balloons; No prepayment penalty (under 15 years)
SBA Express	\$350,000	50%	Same as 7(a)	Same as 7(a)	Loans \$50,000 or less; prime + 6.5%; Loans over \$50,000; prime + 4.5%	Same as 7(a)	Same as 7(a)	Fast Turnaround; Streamlined Process
Small Loan Advantage (SLA)	\$350,000	Same as 7(a)	Same as 7(a)	Same as 7(a)	Same as 7(a)	Same as 7(a)	Same as 7(a) plus all loan applications will be credit scored by SBA prior to loan approval or loan number if submitted PLP	Same as 7(a) Plus streamlined process
504 Loans Provided through Certified Development Companies (CDCs) which are licensed by SBA	504 CDC maximum amount ranges from \$5 million to \$5.5 million, depending on type of business.	Project costs financed as follows: CDC: up to 40% Non-guaranteed financing; Lender: 50% Equity: 10% plus additional 5% if new business and/or 5% if special use property.	Long-term, fixed-asset loans; Lender (non-guaranteed) financing secured by first lien on project assets. CDC loan provided from SBA 100% guaranteed debenture sold to investors at fixed rate secured by 2nd lien.	CDC Loan: 10- or 20-year term fixed interest rate. Lender Loan:(unguaranteed) financing may have a shorter term. May be fixed or adjustable interest rate	Fixed rate on 504 Loan established when debenture backing loan is sold. Declining prepayment penalty for 1/2 of term.	.5% fee on lender share, plus CDC may charge up to 1.5% on their share. CDC charges a mthly servicing fee of 0.625%-1.5% on unpaid balance Ongoing guaranty fee (FY 2012) is 0.9375% of principal outstanding. Ongoing fee % does not change during term.	Alternative Size Standard: For-profit businesses that do not exceed \$15 million in tangible net worth, and do not have an average two full fiscal year net income over \$5 million. Owner Occupied 51% for existing or 60% for new construction.	Low down payment - equity(10%-20%) (The equity contribution may be borrowed) Fees can be financed; SBA Portion: Long-term fixed rate Full amortization No balloons



Long term small business loans partially guaranteed by the U.S. Government are available to your customers.

There are two principal types of SBA loans:

7(a) loans and 504 Economic Development loans. The differences are in:

- SBA guaranty structure
- Maximum loan amount
- Use of loan proceeds

SBA 7(a) loans can be used for start-ups, business expansions, acquisitions, leasehold build-outs and tenant improvements, machinery, furniture, fixtures, construction, and refinance of existing real estate debt.

SBA 7(a) Express Loans have a smaller guaranty, but faster turn time with approved SBA credit unions making the credit decision versus the SBA. The criteria for use of proceeds are identical to those of 7(a) loan criteria, in addition to smaller lines of credit.

SBA 504 loans are limited to financing land, building and equipment.

Approval for each of the programs is primarily based on three lending criteria:

- Character and credit worthiness of the owner;
- The Business and it's ability to repay debt; and
- Sufficient equity and collateral to secure the transaction

Please contact Kurt Shimala or Lorain Cooper at Cooperative Business Services, LLC with specific questions regarding SBA eligibility, underwriting and processing. You may reach Kurt at kshimala@cbscuso.com or (513) 677-3100 x111 and Lorain at lcooper@cbscuso.com, or (513) 677-3100 x104.