

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.

<p>USES OF PROCEEDS</p> <ul style="list-style-type: none"> • Equipment purchases (machinery, business vehicles) • Permanent working capital • Inventory • Business expansion • Business purchase/Acquisition <ul style="list-style-type: none"> ◦ (100% change in ownership) • Real estate purchase • Land acquisition and real estate construction • Real estate improvements • Refinance of existing business debt • Startup costs (case-by-case basis) <p>AMOUNTS</p> <ul style="list-style-type: none"> • Minimum- \$25,000 • Maximum – \$5 Million <p>MATURITY</p> <ul style="list-style-type: none"> • 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 • 7(a) Refinancing- Must coincide with the remaining useful life of the assets being refinanced or use of proceeds chart 	<p>INTEREST RATE AND TERMS</p> <ul style="list-style-type: none"> • Variable Rates - based on Prime Rate based on dollar amount of loan and term • Fully-Amortized over life of loan (No Balloon) • Pre-Payment Penalty- Under \$350,000- None, Over \$350,000- 5,3,1% • SBA Guaranty Fee- \$25,000-\$125,000- 0% \$125,001 to \$150,000- 2%, \$150,001- \$700,000- 3%, \$700,000-\$5 Mill- 3.5% • Lender may charge up to \$2500 packaging fee. <p>WHO QUALIFIES</p> <ul style="list-style-type: none"> • Must be for profit and meet size standards • Good Character and credit management • Must be an eligible type of business <p>BENEFITS FOR BORROWERS</p> <ul style="list-style-type: none"> • Long term financing • Improved Cash flow • Fixed Maturity • No balloons • No prepayment penalty under 15 years and \$350,000
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