



## 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><b>USES OF PROCEEDS</b></p> <ul style="list-style-type: none"> <li>• Equipment purchases (machinery, business vehicles)</li> <li>• Permanent working capital</li> <li>• Inventory</li> <li>• Business expansion</li> <li>• Business purchase (100% change in ownership)</li> <li>• Real estate purchase</li> <li>• Land acquisition and real estate construction</li> <li>• Real estate improvements</li> <li>• Refinance of existing business debt</li> <li>• Startup costs (case-by-case basis)</li> </ul> <p><b>AMOUNTS</b></p> <ul style="list-style-type: none"> <li>• Minimum- \$25,000</li> <li>• Maximum – \$5 Million</li> </ul> <p><b>MATURITY</b></p> <ul style="list-style-type: none"> <li>• Inventory or working capital - Typically structured at 7 years but not to exceed a maximum of 10 years</li> <li>• 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.</li> <li>• Real Estate, including acquisition, rehabilitation, renovation, or construction- Up to 25 years plus any interest period to reasonably complete the construction or improvements</li> <li>• 7(a) Refinancing- Must coincide with the remaining useful life of the assets being refinanced or use of proceeds chart</li> </ul>	<p><b>INTEREST RATE AND TERMS</b></p> <ul style="list-style-type: none"> <li>• Variable Rates - based on Prime Rate based on dollar amount of loan and term</li> <li>• Fully-Amortized over life of loan (No Balloon)</li> <li>• Pre-Payment Penalty- Under \$350,000- None, Over \$350,000- 5,3,1%</li> <li>• SBA Guaranty Fee- Under \$125,000- 0%, \$125,001- \$150,000- 2%, \$150,001- \$700,000- 3%, \$700,000- \$5 Mill- 3.5%</li> <li>• Lender may charge up to \$2500 packaging fee.</li> </ul> <p><b>WHO QUALIFIES</b></p> <ul style="list-style-type: none"> <li>• Must be for profit and meet size standards</li> <li>• Good Character and credit management</li> <li>• Must be an eligible type of business</li> </ul> <p><b>BENEFITS FOR BORROWERS</b></p> <ul style="list-style-type: none"> <li>• Long term financing</li> <li>• Improved Cash flow</li> <li>• Fixed Maturity</li> <li>• No balloons</li> <li>• No prepayment penalty under 15 years and \$350,000</li> </ul>
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### **SAMPLE PROJECTS FINANCED BY AN SBA 7(a) LOAN**

- Purchase of another business
- Startup of new business \*
- Purchase of new equipment
- Purchase of inventory
- Permanent working capital
- Purchasing Real Estate
- Refinance Debt