



# SBA Lending

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# SBA Loan Approval Considerations

## Good character



- Feasible business plan, use SCORE, SBDC, WWBIC
- Management expertise & commitment
- Sufficient funds, including SBA guaranteed loan
- Adequate equity invested in the business
- Sufficient collateral
- Good cash flow

# The 7(a) Loan Program

- Maximum loan amount of \$5 million
- Maximum guaranty of \$3.75 million
  - 75% - 85%
  - **Maximum maturities**
    - » **5-7 years for working capital**
    - » **10 years for equipment**
    - » **Up to 25 years for real estate, construction**



# **SBAExpress**

- Maximum loan amount: \$350,000
- Maximum guaranty: 50%
- Uses: revolving line of credit/  
term loan
- Maximum interest:  
Prime +6.5% for less than \$50,000;  
Prime +4.5% for more than \$50,000
- Lenders make credit decision and use  
their own closing docs

# Patriot Express Initiative Loan

Loans up to \$500,000 for military community members, including:

- Veterans
- Service-disabled veterans
- Soon to be discharged active-duty service members eligible for the military's Transition Assistance Program
- Reservists and National Guard members
- Current spouses of any of the above
- The widowed spouse of a service member or veteran who died during service or of a service-connected disability

# 504/Certified Development Company

- Maximum loan amount:
  - \$5 to \$5.5 million (manufacturers)
- Project costs: financed by 504 Loan 40%  
lender finances — 50%  
equity finances 10-20%
- Uses: long-term; fixed assets, real estate, F&F
- Refinancing – fixed assets
  - Maturity: generally 10 - 20 years
- Maximum interest: fixed rate established  
when debenture backing sold



# Microloans, Small Advantage & Community Advantage



## Micro-loans

\$50,000 maximum

See list SBA Resource Guide, page 32, 33

## Small Advantage

\$250,000 maximum

## Community Advantage

\$250,000 maximum

# Questions



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