

## Advantage Loans

SBA guarantees several types of special 7(a) business loans, known as Advantage Loans. These loans allow quick access to lines of credit for small businesses through streamlined application processes.

### SBA Express Loans

#### What is an SBA Express Loan?

SBA Express Loans can be used as revolving lines of credit – to help restock inventories and support larger revenue sales – which are particularly critical for small businesses as they emerge of recessions.

**i Pro Tip:** These loans offer a streamlined application process with reduced paperwork, and approval is often granted in a matter of days

#### Eligibility

A lender may be eligible to participate in SBA Express if:

- It is currently an SBA partner lender and meets certain portfolio performance standards.
- There are no minimum SBA loan volume requirements to begin making SBA Express loans.
- It is currently a non-SBA lender that makes a reasonable number of commercial loans of \$50,000.00 or less

SBA makes eligibility decisions; qualified lenders may be granted authorization to make eligibility determinations.

#### Maximum Loan Amount

The total amount of any SBA Express Loan may not exceed \$350,000. (See SBA's October 8, 2010 press release for more information about the temporary increase to \$1,000,000)

#### Maximum SBA Guaranty

- 50%

#### Interest Rates

Lenders and borrowers can negotiate the interest rate. Rates can be fixed or variable and are tied to the prime rate (as published in The Wall Street Journal), LIBOR, or the optional peg rate (published quarterly in the Federal Register) and may be fixed or variable but they may not exceed SBA maximums: lenders may charge up to 6.5% over the base rate for loans of \$50,000 or less, and up to 4.5% over for loans over \$50,000.

#### Revolving Lines of Credit

Up to seven years with maturity extensions permitted at the outset.

#### Forms

Lender primarily uses own forms and procedures, plus SBA Form 1919, Borrower Information.

#### Collateral

Lenders are not required to take collateral for loans up to \$25,000. Lenders may use their existing collateral policy for loans over \$25,000 up to \$350,000.

#### Credit Decision

The lender makes credit decisions.

#### Purchase

May request expedited SBA purchase on small loans or in situations where liquidation may be delayed

### Community Advantage Loans

#### What is a Community Advantage Loan?

Community Advantage is a pilot loan program introduced by SBA to meet the credit, management, and technical assistance needs of small businesses in underserved markets. Community Advantage provides mission-based lenders access to 7(a) loan guaranties as high as 85% for loans up to \$250,000.

#### Eligibility

For-profit businesses in underserved markets that can meet SBA's size standards. Although a borrower must prove credit worthiness and the viability of the business idea, unlike traditional lending, qualification for this program is not limited by the size of the borrower's balance sheet, or the amount of collateral involved.

#### Percent of Guaranty

- 85% for loans of \$150,000 or less
- 75% for loans greater than \$150,000

#### Maturity

- Maximum 10 years for working capital.
- 10 years or the useful life of equipment.
- Maximum 25 years for real estate.

#### Interest Rates

The maximum interest rate on a Community Advantage Loan is the Prime Interest Rate + 6%

#### Maximum Loan Amount

The total amount of any Community Advantage Loan may not exceed \$250,000.

#### Fees

- Maturities of 12 months or less = 0.25%
- Maturities over 12 months:
  - » Gross loan less than \$150,000 = 2.0%
  - » Gross loan over \$150,000 = 3.0%
  - » On-going guaranty fee paid by lender = 0.55%

#### Paperwork

Community Advantage features streamlined paperwork, with a two-page application for borrowers. Most Community Advantage loans will be approved within 5 to 10 days.