

MAJOR U.S. SMALL BUSINESS ADMINISTRATION LOAN PROGRAMS

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FINANCE PROGRAMS	<u>7(a) LOAN PROGRAM</u> and <u>LENDER ADVANTAGE</u>	<u>PATRIOT EXPRESS</u>	<u>SBA Express and EXPORT EXPRESS</u>	<u>CERTIFIED DEVELOPMENT COMPANY LOANS (504)</u>
WHO CAN APPLY	For profit businesses that qualify as small under SBA size standards and cannot borrow on reasonable terms from conventional lenders without SBA help. Small/Rural Lender Advantage Initiative Simplified program open only to lenders with an average of less than 20 loans a year for the past three years.	Veterans, Active Duty Service Members eligible to retire, Reservists and National Guard members and the spouses of any of the above, plus widowed spouses of any service member who died while in service or of a service connected disability.	Temporary Size Standard. Maximum tangible net worth of \$15 million and maximum average net income after Federal income taxes over the preceding two completed fiscal years of \$5 million. This standard applies to all loan programs. You must be an exporter or plan to use the funds for exporting to qualify for the Export Express program.	
PURPOSE	Fixed assets, working capital or to finance start-ups or the purchase of an existing business; some debt payment allowed.		Same as regular 7(a) Business Loans, but with more limited same bank debt refinancing. Lines of Credit are offered.	Fixed assets with limited related debt refinancing - no working capital. SBA takes a lien position behind that of the private sector lender.
SBA GUARANTY	85% on loans up to \$150,000 75% on loans over \$150,000		50% of loan or the standard 7(a) limits for loans made for exporting	SBA guarantees 100% of the debenture amount which generally ranges from 30-40% of the project.
MAXIMUM LOAN AMOUNT	\$5,000,000 Lender Advantage \$350,000	\$500,000	\$350,000 \$500,000 for Export Express	Maximum CDC/504 participation in a single project is \$5 Million , and \$5.5 million for manufacturers & certain energy projects; The minimum debenture amount is \$25,000. There are no limits on the project size.
MATURITY	Working capital or inventory loan terms should be appropriate to the borrower's ability to repay but not more than 10 years. Terms may be up to 25 years for equipment & real estate. All other loan purposes would have a maximum term of 10 years.		Same as Regular 7(a) except that lines of credit must be repaid within 7 years.	10 years for equipment 20 years for real estate.
MAXIMUM INTEREST RATES	Base rate plus 2-1/4% for maturities under 7 years. Base rate plus 2-3/4% for maturities of 7 years or longer. Loans of less than \$50,000 may add an additional 1% and loans under \$25,000 may add an additional 2%.		Bank base rate plus 6.5% for loans of \$50,000 or less, Bank base rate plus 4.5% for larger loans	Based on current market rate for 5 and 10 year Treasury Bonds.
GUARANTY FEES	Loans of \$150,000 or less, 2% of guaranteed portion Loans over \$150,000 and not more than \$700,000, 3% of guaranteed portion. Loans over \$700,000, 3.5% of guaranteed portion. Add an additional 0.25% of the guaranteed portion in excess of \$1 million. Loans with term of 12 months or less, fee is 0.25% of guaranteed portion (additional fee after 1 year).			Up front fees of about 2.25% of the net debenture proceeds plus annual servicing and guaranty fees of generally less than 1% based on unpaid debenture balance. The first mortgage lender's loan may have additional fees associated with it.
SPECIAL FEATURES AND/OR REQUIREMENTS	Use SBA Form 4 and 4I for 7(a) and 2301 series for Lender Advantage	Loan credit authority delegated to the lender, but lenders must be pre-approved by SBA. Lender uses SBA 1920SX series of forms and borrower uses 1919 Borrower Information form .		Must intend to create or retain one job for every \$65,000 of the debenture <u>or</u> meet one of 14 Community or Public Policy Goals. A minimum down payment of 10% is required.

KEY SBA BORROWER INFORMATION

Guaranty Fees on loans exceeding 12 months in maturity. The Lender pays the fee and may pass it on to the borrower after first disbursement. Fees are based on the amount of the loan guaranteed.

	<i>Based on SBA Guaranteed Portion</i>	<i>Based on Total Loan with Standard SBA Guarantee</i>	<i>Based on Total Loan with Express</i>
Loans of \$150,000 or less	2.00%	1.70%	1.00%
Loans between \$150,001 & \$700,000	3.00%	2.25%	1.50%
Loans greater than \$700,000	3.50%	2.625%	1.75%

Loans with a guaranteed portion in excess of \$1 million add an additional **.25%** guaranty fee on that portion.

The guaranty fee on a \$5,000,000 SBA loan is \$138,125.

The Guaranty Fee on loans up to 12 months in maturity is only .25% but the full fee must be paid if the loan is renewed.

Interest Rate Limits

Term less than 7 yrs Base Rate + 2.25%
 Term of 7 yrs or more Base Rate + 2.75%
 The base rate may be the [WSJ Prime](#), [LIBOR+3%](#) or the [SBA Peg Rate](#).
 Loans of \$25,000 or less may add an additional 2%
 Loans of \$25,001 to \$50,000 may add an additional 1%
 Lenders may also use a higher rate formula for fixed rate loans

SBA Express limits are:
 Lender's base rate + 4.5% for loans over \$50,000
 Lender's base rate + 6.5% for loans of \$50,000 or less
Regular 7(a) rates apply to Patriot Express Loans

Maximum Guaranty Percentages and Loan Limits

All loan programs other than SBAExpress and the Export Working Capital Line of Credit

\$150,000 or less.....**85%**
 Greater than \$150,000.....**75%**

SBA**Express** (\$350,000 maximum).....**50%**
 Export Working Capital Program.....**90%**

Maximum loan limits: 7(a) and 504 is **\$5 million**, Patriot Express is **\$500,000**; Small Loan Advantage and Community Advantage are **\$250,000**, Small and Rural Lender Advantage is **\$350,000**; Export Express is **\$500,000**.

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Key Web Sites

Small Business Administration Website	http://www.sba.gov
SBA Richmond District Office Homepage	http://www.sba.gov/about-offices-content/2/3155
Central Contractor Registration Website	http://www.ccr.gov
Exporting	http://www.export.gov
Franchise Registry	http://www.franchiseregistry.com/Registry/
Free Credit Reports	www.annualcreditreport.com (allows you to request a free credit report once every 12 months from Equifax, Experian and TransUnion).
Free Online Training Classes	http://tinyurl.com/FreeSBATraining
NAICS Code Lookup (Census website)	http://www.census.gov/eos/www/naics/
SBAExpress and Patriot Express forms	http://tinyurl.com/ExpressForms
SBA Lenders in Virginia	http://tinyurl.com/LenderList
SBA Richmond District Office Resource Guide	http://www.smallbusiness3.com/pdf/english/virginia.pdf
Small Business Planner	http://tinyurl.com/SmallBusinessPlanner
Starting a Business in Virginia	http://www.virginia.gov/cmsportal3/business_4096/
Virginia <i>SCORE: Counselors to Small Business</i>	http://www.score.org/
Virginia Small Business Development Centers	http://www.vasbdc.org/

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