



SBA Desk Top Reference Guide

The SBA Loan programs are long term financing tools designed to help you expand your markets and provide full service financing to your members and prospects.

<u>TERMS & CONDITIONS</u>	<u>SBA 504 LOANS</u>
Eligibility	Borrower's net worth or net income must be less than \$6MM and \$2MM respectively, or the 7(a) criteria, whichever is greater.
Loan Amount	Generally: \$250,000 to \$4,000,000 (or depending on industry type, it can be higher)
SBA Participation	SBA Certified Development Company (CDC) funds up to 40% of project costs as a 2 nd mortgage with SBA guaranty.
Equity Contribution	Generally a minimum of 10% to 20% of total project cost.
Interest Rate	Fixed and variable rate pricing available.
Term & Amortization	The first mortgage lien is generally amortized up to 25 years. The second mortgage lien with the CDC/SBA is generally amortized over 10 or 20 years.
Closing Time Frame	Generally 60 days from CUSO/credit union approval. This window allows for the SBA approval & closing of the loan.
Benefits	Larger loan amount and lower equity contribution. Also, longer term fixed rates may be available.

Long term small business loans partially guaranteed by the U.S. Government are available to your members if your credit union is an approved SBA 7(a) lender.

There are two principal types of SBA loans:

7(a) loans and 504 Economic Development loans. The differences are in:

- The guaranty structure
- Maximum loan amount
- Use of loan proceeds

SBA 7(a) loans can be used for start-ups, franchise opportunities, business expansions, acquisitions, leasehold build-outs and tenant improvements, machinery, furniture, fixtures, refinance of existing real estate debt and seller notes.

SBA 7(a) Express Loans have a smaller guaranty, but faster turn time with approved SBA credit unions making the credit decision versus the SBA. This program criteria is the same as the 7(a) program criteria.

SBA 504 loans are limited to financing land for the purpose of acquisition or construction of an owner-occupied building, expansion of an existing building or the acquisition of machinery and equipment with useful economic life of at least 10 years.

Approval for each program is primarily based on three lending criteria:

- Character and credit worthiness of the owner;
- The business and it's ability to repay debt; and
- Sufficient equity and collateral to secure the transaction

Please contact Cooperative Business Services, LLC at (888) 697-9555 with specific questions regarding SBA eligibility, underwriting and processing.