



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 7(A) LOANS</u>	<u>SBA 7(A) EXPRESS LOANS</u>
Eligibility	Based on annual sales or number of employees as described by NAICS.	Same
Loan Amount	Generally: \$25,000-\$2,000,000	Generally: \$10,000 - \$350,000
SBA Participation	SBA guarantee loan amount up to \$1,500,000 at 75% (no piggyback scenario allowed)	SBA guarantees Express Loans at 50% of loan amount up to a maximum loan of \$350,000.
Equity Contribution	Generally 10% to 30% of total project costs <ul style="list-style-type: none"> • 10% for R/E • 20% for Biz Acquisition • 20-30% for Startup 	Generally 10 to 30% of total project costs [See 7(a) criteria]
Interest Rate	Generally WSJ prime plus 2.00% to WSJ prime plus 2.75% (the maximum)	Generally WSJ prime plus 2.00% to WSJ prime plus 6.75% (the maximum)
Term & Amortization	Fully amortizing loans generally from 7 to 25 years depending on use of proceeds.	Fully amortizing loans generally up to 7 years depending on use of proceeds.
Closing Time Frame	Generally 60 days from CUSO/credit union approval. This window allows for the SBA approval & closing of the loan.	Generally 45 to 60 days from CUSO/credit union approval. This window allows for the SBA approval & closing of the loan.
Benefits	No prepayment on loans with terms less than 15 years. A 5%, 3%, 1% penalty for initial 3 years applies to loans with terms 15 years or longer.	No prepayment on loans with terms less than 15 years.

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.