SBA 7a Term Loan

Definition: This versatile loan program can be used to finance most any business term loan purpose including real estate construction / purchase / improvement, equipment purchase, business acquisition, debt refinance, and working capital. The primary advantages of this program include the ability to: stretch monthly payments out over a longer period of time for improved cashflow, reduce downpayment requirements, accommodate diverse industries and loan purposes, and partially offset a collateral shortfall. TBoNM and TBoH both hold SBA's highest status for this product, Preferred Lender, which allows for quick, in-house approval of most loan applications and servicing actions.

Size of Loan: Up to $5,000,000 ; larger projects may be accommodated if combined with other conventional financing, however, the SBA guaranty portion cannot exceed $3,750,000.

Purposes:

	Max. Amort. in Yrs.
Purchase, construct, or improve real estate (>50-60% owner-occupied)	up to 20-25
Purchase new or used equipment, fixtures, or leaseholds	up to 10-15
Finance business acquisition, owner buyout, or start-up	varies w/ purpose
Debt refinance (loans with us, other banks', seller, L/C, etc.)	varies w/ purpose
Working capital, inventory, intangibles, start-up costs, etc.	up to 10

Eligibility: These loans are targeted to for-profit, non-investment businesses only. In order to qualify for SBA 7a loans, a business must be considered "small" by SBA's definition. Currently, that definition is:

- Tangible net worth <=$15,000,000 AND avg. net income after tax of <=$5,000,000 OR
- NAICS-based size standard if it results in a higher number (i.e. <500 employees)

While most businesses are eligible, a small number of industries and loan purposes will not qualify.

Guaranty %: Up to 85% guaranty on loans <=$150,000 or 75% guaranty on loans $150,001 - $5,000,000.

Interest Rates: Fixed or variable interest rates are available. 7a loans do not balloon, however, fixed interest rates will typically adjust every 3-5 years at a spread over one of the available pricing indexes. Variable rate loans will use WSJ Prime as their base rate and will adjust no more frequently than monthly. Rates on these loans are set by the originating market, however, maximum interest rates are typically P+2.25% if loan is <= 7 yrs. and P+2.75% if loan is >7 yrs. Interest rate floors are not allowed on 7a loans.

Equity: The amount of cash equity required will be determined on a loan-by-loan basis per underwriting guidelines.

Collateral: The loan will be secured by a 1st lien position on all assets financed or refinanced with SBA loan proceeds + personal guaranties of principals owning > = 20% of either the operating company or real estate holding entity (if loan purpose is real estate). Guaranties of related businesses, Lessor's Agreement, etc. may also be required. A reasonable amount of life insurance is also required on key individuals. Additional collateral may be required (if available with discounted equity) if discounted collateral coverage is < 100%.

Prepayment: Prepayments on SBA 7a loans with maturities of less than 15 years are allowed without penalty. A penalty of 5% yr. 1 ; 3% yr. 2 ; and 1% yr. 3 is charged for a prepayment of >20% of the balance on any loan with an original maturity of 15 years or greater.

Fees: SBA charges fees on the guaranteed portion equal to 2% of the loan is < = $150,000 ; 3% on loans > $150,000 but < = $700,000; and 3.5% on loans > $700,000. An additional .25% fee is charged on guaranteed portions above $1,000,000. An ongoing servicing fee of .55% of the outstanding guaranteed balance is charged to the Bank. The Bank may also charge for out-of-pocket costs in addition to a Package Preparation Fee.

Other: Appraisals, environmental studies, title insurance, and flood insurance (if applicable), are required on most real estate collateral. Business and personal financial statements and tax returns are typically required to be submitted to the Bank at least annually. A deposit relationship with us is also required. Other requirements and conditions may apply.

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