

The SBA 7(a) Loan Program

Highlights

- Options unavailable under conventional terms
- Long-term financing:
 - Working Capital - up to 10 years
 - FF&E - useful life
 - Commercial Real Estate - up to 25 years
- Loan amounts up to \$5MM
- 75% SBA Guaranty on loans greater than \$150K (maximum guaranty of \$3.75MM), 85% SBA Guaranty for loans \$150K or less

Use of Funds

- Purchase, construct or renovate owner-occupied commercial real estate
- Purchase of machinery/equipment for business use
- Business Acquisition
- Business Expansion
- Debt Refinance
- Working Capital
- Business Start-Up

Eligibility Requirements

- The business must be a for-profit
- Have a net worth less than \$15MM and net profit of no more than \$5MM (two year average after taxes)
- The borrower must occupy 51% of an existing building or 60% of new construction
- There must be a demonstrated need for the credit

Interest Rate Maximums

- Maturities under 7 years - PRIME/LIBOR Base Rate + 2.25%
- Maturities of 7 years or more - PRIME/LIBOR Base Rate + 2.75%

- Loans \$25,000-\$50,000 - Rate can increase up to 1% over standard rate
- Loans \$25,000 or less - Rate can increase up to 2% over standard rate
- Fixed rate option also available

SBA Guaranty Fees

Up-front Guaranty Fees:

- Maturities of 12 months or less - 0.25% of guaranteed portion
- Maturities of 12 months or more:
 - Loans \$150K or less - 2% of guaranteed portion (lender may retain 25% of the fee)
 - Loans \$150,001 to \$700K - 3% of guaranteed portion
 - Loans \$700,001 to \$5MM (maximum) - 3.5% of guaranteed portion up to \$1MM + 3.75% if above \$1MM

On-going Guaranty Fees:

- Maximum fee set by statute at 55 basis points (adjusted annually to keep the program at zero subsidy)
- Fee rate remains the same through the life of the loan

SBA Prepayment Penalty

There is a prepayment penalty if the term of the loan is 15 years or more AND the borrower voluntarily prepays more than 25% of the outstanding balance within the first 3 years after disbursement.



Colorado Lending Source is the state's nonprofit, small business financing expert. Over our two decade history, we have worked with small businesses to create and retain more than 16,500 jobs across Colorado while helping to pump \$750 million into the state's economy.

The mission of Colorado Lending Source is to foster the economic growth of diverse small businesses within our communities.

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