

## Small Business Administration (SBA) Loan Fact Sheet

<b>What is the SBA Loan Program?</b>	The SBA Loan Program operates through private-sector lenders, who provide loans guaranteed by the SBA. SBA loans are typically for small businesses, who are unable to secure financing through normal lending channels.
<b>Who is Eligible?</b>	Eligibility is generally determined by two factors: <ul style="list-style-type: none"> <li>➤ Revenue size of operating company, generally less than \$5 Million</li> <li>➤ Personal liquidity of the principal owners is generally less than 1.5 times the “total financing package”</li> </ul>
<b>Lenders Considerations:</b>	<ul style="list-style-type: none"> <li>➤ Good character</li> <li>➤ Management capability</li> <li>➤ Cash flow (repayment ability)</li> <li>➤ Collateral, including health plan receivables</li> <li>➤ Owners equity</li> <li>➤ Guaranty of all owners (≥ 20%)</li> </ul>
<b>Borrowers Benefit:</b>	All SBA guaranteed loans offer extended repayment schedules that match the maturity date with the loan's amortization with no balloon or pre-payment penalties.
<b>Loan Proceeds:</b>	Loan proceeds can be used for most business purposes.
<b>Application Process:</b>	Interested applicants should contact their local lender for information and assistance in the SBA loan guaranty application process. Most lenders are familiar with SBA loan programs. Borrower completes lender application material including various required SBA forms available from the lenders.
<b>Local SBA Contacts:</b>	SBA Boston District Office: 10 Causeway St, Boston MA; (617) 565-8420 Gary Heidel, Director, Government Guaranty Programs, Citizens Bank: 401-282-4538
<b>SBA Web Site:</b>	<a href="http://www.sba.gov">www.sba.gov</a>

	<u>SBA 7(a) General Loan Program</u>	<u>SBAExpress Loan Program</u>
<b>Loan Size:</b>	<ul style="list-style-type: none"> <li>• Generally any amount</li> </ul>	<ul style="list-style-type: none"> <li>• Up to \$150,000 (Term Loans and Lines of Credit)</li> </ul>
<b>Loan Guaranty Amount:</b>	<ul style="list-style-type: none"> <li>• 75% guaranty up to \$750,000, whichever is less</li> </ul>	<ul style="list-style-type: none"> <li>• 50% guaranty</li> </ul>
<b>Loan Rates May Not Exceed:</b>	<ul style="list-style-type: none"> <li>• Prime plus 2.75%</li> </ul>	<ul style="list-style-type: none"> <li>• Prime plus 2.25 % for loans less than 7 years</li> <li>• Prime plus 2.75 % for loans greater than 7 years</li> </ul> <p>(Loans &lt; \$50K may be subject to slightly higher rates)</p>
<b>SBA Guaranty Fee:</b>	<ul style="list-style-type: none"> <li>• Averages 3% of the guaranteed loan amount</li> </ul>	<ul style="list-style-type: none"> <li>• 2% of the guaranteed loan amount</li> </ul>
<b>Eligible Medical Entities:</b>	<ul style="list-style-type: none"> <li>• Individual and group physician practices, hospitals, clinics, emergency outpatient facilities, and medical and dental laboratories</li> <li>• Convalescent and nursing homes are eligible, provided they are licensed by the appropriate government agency and services rendered go beyond those of room and board.</li> </ul>	<ul style="list-style-type: none"> <li>• Individual and group physician practices</li> <li>• Type of medical facility/operation is important. Residential care and medical day-care facilities may not eligible.</li> </ul>
<b>Credit Decision:</b>	A <u>SBA Preferred Lender</u> will render the credit decision usually within 5 – 10 days based on the borrowers particular situation and completeness of application. The SBA will render their eligibility decision generally within 1 – 2 days subsequent to the Lenders decision.	<p><u>NOTE: this Program is limited only to SBA Express Lenders.</u> The Lender renders the credit decision with subsequent submission to the SBA Central Processing Office for their eligibility approval generally within 1 business day</p> <ul style="list-style-type: none"> <li>• Expedited response time: banks use their own application and closing forms, and there are minimal SBA requirements.</li> </ul>

