

COMMUNITY ADVANTAGE PROGRAM

AN INSIDER'S GUIDE



WHAT IS THE COMMUNITY ADVANTAGE PROGRAM?

The Community Advantage Program is a pilot initiative aimed at increasing the number of SBA 7(a) lenders who reach underserved communities. The program can be offered as a standalone 7(a) or as a companion to the SBA 504 Loan Program (Commercial Real Estate), and provides financing for items that are ineligible for 504 funding.

WHAT IS CONSIDERED AN "UNDERSERVED MARKET"?

- Low-to-moderate income communities
- Businesses whose full-time work force is more than 50% low-to-moderate income census tracts
- Empowerment Zones and Enterprise Committees
- HUB Zones
- New businesses with less than two years of operations

KEY FEATURES

- Percent of guaranty is 85% for loans \$150,000 or less
- Maturity - Max 10 years for working capital; 10 years or useful life of equipment; max 25 years for real estate.
- Maximum Loan Size: \$150,000
- Minimum Loan Size: \$50,000
- Maximum Interest Rate: Prime plus 6%
- Rate "locks-in" when the loan funds the debenture

BENEFITS FOR BORROWERS

- Long-term, competitive rates on working capital loans
- Companion to the SBA 504 Loan (20-year fixed rates on CRE)
- True economic development loan geared towards underserved markets

THE PROCESS

- Capital CDC collects application, all necessary forms, plus identified collateral
- Submits to the Small Business Administration (SBA) for approval (5 - 10 days)
- Once CCDC determines that the loan conditions in SBA Authorization document are in accordance with its provisions, the loan will be closed and funds will be disbursed

DOCUMENTS

To get started, the borrower must provide the following:

1. Application
2. Eligibility Questionnaire (SBA Form 2301, Part C)
3. Resume(s)
4. Financial Statements
5. Copy(s) of Driver's License(s)

HEADQUARTERS

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