

# COMMUNITY ADVANTAGE LOAN PROGRAM

## AN INSIDER'S GUIDE

### WHAT IS THE COMMUNITY ADVANTAGE LOAN PROGRAM?

Capital CDC is a certified lender for the Community Advantage Loan Program. The program aims 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"?

- Rural Communities
- Veteran-Owned Businesses
- Located in Promise or Opportunity Zone 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

- 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
- Interest Rates as low as Prime + (1.25% to 3.75%)

### ELIGIBILITY

- **Start-up businesses:** Borrowers must provide a business plan and financial projections for business.
- **Experience:** Business owners must have at least 2 years of experience in the industry and show historical earnings sufficient to cover personal living expenses.
- **Credit:** Must have a reasonable personal credit score for principal borrowers.
- **Capital Injection:** Borrowers must inject 10% to 20% of total project costs. Dependent upon start-up or existing business and credit.
- **Collateral:** Borrowers are required to pledge available collateral. Insufficient collateral will not preclude borrower from obtaining financing. However, secondary sources of repayment must be confirmed and documented.

### BENEFITS FOR BORROWERS

- Long-term, competitive rates on working capital loans
- Companion to the SBA 504 Loan (25-year fixed rates on CRE)
- True economic development loan geared towards underserved markets

### THE PROCESS

- Capital CDC collects all necessary forms, plus identified collateral
- Submits to the Small Business Administration (SBA) for approval (5 - 10 days)
- Once Capital CDC determines that the loan conditions in the 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. Required SBA Forms
2. Personal & Business Credit Reports & Tax Returns
3. Resume(s)
4. Financial Statements
5. Copy of Driver's License(s)

### HEADQUARTERS

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