

# COMMUNITY ADVANTAGE LOAN PROGRAM

## AN INSIDER'S GUIDE

### WHAT IS THE COMMUNITY ADVANTAGE LOAN PROGRAM?

Underserved markets have historically struggled with accessing capital. To bridge this gap, the Community Advantage Loan Program was established to meet this need.

Capital CDC offers Community Advantage as a standalone 7(a) or as a companion to the SBA 504 Loan (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 or 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
- Maximum Loan Size: \$350,000
- Minimum Loan Size: \$50,000
- Interest Rates Based on Current Prime Rate

### 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.
- **Credit:** Must have a reasonable personal credit score for principal borrowers.
- **Capital Injection:** In most cases, borrowers must inject a minimum of 10% of the total project costs.
- **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
- Can Be a Companion to the SBA 504 Loan
- 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 (for Existing Businesses)
5. Business Plan and Projections (for Start-Up Businesses)
6. Copy of Driver's License(s)
7. Other Documents As Necessary for Credit and Eligibility Determinations

### HEADQUARTERS

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