

SBA 7(a)

COMMUNITY ADVANTAGE LOAN PROGRAM AN INSIDER'S GUIDE

WHAT IS THE SBA 7(a) COMMUNITY ADVANTAGE LOAN PROGRAM?

Capital CDC is a certified Community Advantage Small Business Lending Company. The SBA 7(a) Loan Program, under the Community Advantage initiative, assists underserved communities and provides financing for items that are ineligible for SBA 504 funding. It can be offered as a standalone 7(a) loan or as a companion to the SBA 504 Loan Program (Commercial Real Estate).

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

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.

USE OF PROCEEDS

Loan proceeds can be used for acquiring real estate, working capital, debt refinance, purchase and installation of machinery and equipment, and changes of ownership. Capital CDC will not use proceeds for construction costs or rolling stock/vehicles.

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: \$500,000
- Minimum Loan Size: \$50,000
- Adjustable Interest Rates as low as Prime + 1.50%

BENEFITS FOR BORROWERS

- Long-term, competitive rates on working capital loans
- Standalone SBA 7(a) loan or 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.

HEADQUARTERS

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