

The SBA 7(a) Loan Guaranty Program helps start up and existing small businesses secure financing when they may not be eligible for business loans through normal lending channels. SBA 7(a) loans are the most commonly used type of SBA loan given the long term financing options available. In addition, this is the most flexible of the SBA loan programs, since funds may be used for a variety of general business purposes.

The MCDC is essentially your financial institution's SBA production back office. MCDC staff members will review the potential SBA7(a) projects with the Lender to determine its eligibility and answer any questions. MCDC will also assist with the loan structure, review the bank's proposal letter, provide a customized checklist of items needed to compile the loan package for submission to the SBA, assist with document preparation for the loan closing and funding as well as offer any service assistance needed throughout the life of the loan. MCDC is also experienced with PLP requirements which will assist Lenders in expediting the approval process.

Financing Michigan businesses since 1982, MCDC is fully committed to the economic success of business owners in Michigan. MCDC's experienced staff will work with you through every step, from initial questions, to approving, closing, servicing and selling your SBA Loans

How Small Businesses and Lenders Benefit from SBA 7(a)

Business Borrower

- Provides borrower longer term financing in most cases
- SBA 7(a) loans can be used for refinancing of high interest rate loans
- Borrower can use loan proceeds for many business purposes
- Gives borrower access to financing that may not otherwise be available

Lender

- Grow the bank's portfolio with reduced risk and extend the Lender's Legal Lending Limit
- Lender provides alternate financing solution to meet customer's needs
- Lender may buy or sell the guaranteed portion of the loan
- Lender has opportunity to refinance proven borrowers to a longer term loan
- Helps lender retain client and ancillary banking services

SBA 7(a) Loan Overview

Maximum Amount of Loan	<ul style="list-style-type: none"> \$5 million
Maximum Guarantee Amount	<ul style="list-style-type: none"> 75% of loan, not to exceed \$3.75 million 85% for loans of \$150,000 or less
Repayment terms (based on ability to repay)	<ul style="list-style-type: none"> Working capital—up to 10 years Machinery & equipment—not to exceed useful life (10 years) Real Estate—up to 25 years
Interest Rates (variable or fixed)	<ul style="list-style-type: none"> Under 7 years—Max is WSJ Prime Rate + 2.25% Over 7 years —Max is WSJ Prime Rate + 2.75%
Types of Entities	For profit businesses

Eligible Small Businesses

Businesses are eligible for the 7(a) loan program if they conduct business activity in the U.S. for profit and meet the SBA size standard based on sales volume or number of employees.

Tangible net worth less than \$15 million AND Net Income (2 year average) less than \$5 million

Use of Proceeds

- Business Acquisition
- Expansion or renovation
- Construction of new facilities
- Purchase of land or buildings
- Purchase equipment, fixtures, leasehold improvements
- Working capital and Inventory
- Refinance debt for compelling reasons

SBA Guaranty

Loan Amount	Guaranty Fee
Up to \$125,000	Currently waived thru 9/30/18
\$125,001 to \$150,000	2% of guaranteed portion
\$150,001 to \$700,000	3% of guaranteed portion
\$700,001 to \$1 million	3.5% of guaranteed portion
Over \$1 million	\$35,000 + 3.75% on the guaranteed portion over \$1 million

MCDC OFFICES

East Lansing—Home Office
517.886.6612

Metro Detroit Office—East
810.329.4340

Metro Detroit Office—West
734.222.4954

Northern Michigan Office
231.878.1302

Grand Rapids Office
616.405.5754

1-833-7ALOANS

www.michigancdc.org