



*Purchase of land or buildings, to cover new construction as well as expansion, or conversion of existing facilities when conventional loan programs do not fit the situation or borrower.*

### Loan Amount

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Maximum loan amount is \$5,000,000

### Loan Terms & Amortization

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Up to 25 years for real estate

### Credit Score

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SBA provides loans to businesses — not individuals — so the requirements of eligibility are based on aspects of the business, not the owners. As such, the key factors of eligibility are based on what the business does to receive its income, the character of its ownership and where the business operates.

### Recourse

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Personal guarantees are required from all owners of 20 percent or more of the equity of the business, and lenders can require personal guarantees of owners with less than 20 percent ownership. Liens on personal assets of the principals may be required.

### Debt Service Coverage

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1.25x minimum DSCR

### Loan to Value

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- Up to 85% LTV up to \$150,000
- 75% LTV for loans over \$150,000

### Fees

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Loans guaranteed by the SBA are assessed a guarantee fee. This fee is based on the loan's maturity and the dollar amount guaranteed, not the total loan amount. The lender initially pays the guaranty fee and they have the option to pass that expense on to the borrower at closing. The funds to reimburse the lender can be included in the overall loan proceeds. On any loan with a maturity of one year or shorter, the fee is 0.25 percent of the guaranteed portion of the loan. On loans with maturities of more than one year, the normal fee is 2 percent of the SBA-guaranteed portion on loans up to \$150,000, 3 percent on loans of \$150,000 to \$700,000, and 3.5 percent on loans of more than \$700,000. There is also an additional fee of 0.25 percent on any guaranteed portion of more than \$1,000,000.