



LENDER DESK GUIDE

SBA 7(a) LOAN PROGRAM

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**WE HELP YOU REDUCE RISK WHILE
INCREASING PROFITS**

SBA 7(a)

Loan Program Overview

▶ **\$25,000 TO \$5 MILLION**

The SBA 7(a) Loan Program is a government guaranteed program established to help small businesses obtain financing unavailable to them through traditional lending channels. B:Side Capital works alongside lenders to help process 7(a) loans on their behalf. Funding from this program comes directly from the participating bank or credit union.

Our goal as a Lender Service Provider is to simplify the 7(a) loan process for our partner lenders and small business borrowers.

DEFINITION

LENDER SERVICE PROVIDER (LSP)

B:Side Capital is considered a Lender Service Provider (LSP). We assist banks with all varieties of SBA 7(a) loans. Consider us your SBA back-office to help you navigate the loan process and act as a trusted extension of your team.

USE OF PROCEEDS

- Business acquisition
- Business expansion
- Startup costs
- Working capital
- Debt refinance
- Tenant improvements
- Buy, build, or renovate commercial real estate
- Purchase furniture, fixtures, and equipment

SBA 7(a) LOAN TYPES

There are several types of SBA 7(a) loan programs that B:Side Capital can help you with, including:

- General 7(a) loans
- Small 7(a) loans
- CAPLines (including working capital, builders, seasonal and contract)
- Export Express and International Trade

▶ **SBA GUARANTEES**

*85% for loans \$150,000 or less
75% for loans greater than \$150,000
50% - 90% for 7(a) Export Express,
Export Working Capital & International Trade loans*

SBA 7(a)

Eligibility Requirements

ELIGIBLE BUSINESSES

- Business is for-profit and located in the United States
- Business is valued at less than \$15 million and the business has an after tax profit of less than \$5 million a year over the average of two years
- Owner will occupy 51% or more of commercial real estate that is being renovated or purchased
- Owner will occupy 60% or more of commercial real estate that is being built
- Individuals that own 20% or more of the company are willing to act as personal guarantors
- Business has a demonstrated need for credit

INELIGIBLE BUSINESSES

- Examples of ineligible businesses are those engaged in illegal activities, gambling, speculation, multi-sales distribution, loan packaging, investment or lending or where the owner is on parole
- Non-profit businesses
- Passive businesses
- Businesses located outside of the U.S.



QUESTIONS ABOUT ELIGIBILITY?

Sign into our lender portal to schedule a meeting with one of our loan experts at bsidecapital.org or call us at 303.657.0010

SBA 7(a)

Interest Rates

INTEREST RATES

Interest rates for SBA 7(a) loans vary depending on the size of the loan, the term of the loan and whether or not the lender providing the loan chooses to use variable or fixed rate pricing. Interest rates outlined below are the maximum rates a lender can charge while market rates may actually be lower than the maximum.

▶ UP TO 25 YEAR TERMS

MAXIMUM VARIABLE RATES

	Maturities less than 7 years	Maturities 7 years or more
Loans \$50,000 or greater	Prime + 2.25%	Prime + 2.75%
Loans \$25,001 - \$50,000	Prime + 3.25%	Prime + 3.75%
Loans \$25,000 or less	Prime + 4.25%	Prime + 4.75%

MAXIMUM FIXED RATES

The maximum allowable fixed rate may only be used if the rate will be in effect for the entire term of the loan, without adjustment or reset. Otherwise, the maximum rates for variable rate loans will apply.

- SBA publishes the allowable maximum fixed interest rates on a monthly basis
- Please log into the lender portal for current maximum interest rates at bsidecapital.org



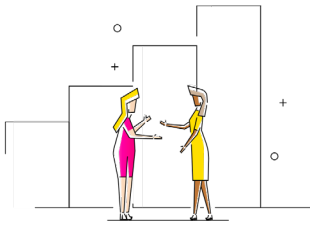
Sign into our lender portal for current rates and fees

SBA 7(a)

Guaranty Fees & Prepayment Penalties

FEES (CHARGED ON THE SBA GUARANTEED PORTION)

Loans of \$150,000 or less	2%
Loans from \$150,001 to \$700,000	3%
Loans greater than \$700,000	fees vary
Loans with maturity of 12 months or less (regardless of amount)	0.25%



Use our loan calculator in the lender portal to calculate fees at bsidecapital.org



ONGOING SERVICING FEE

A percentage of the outstanding balance of the guaranteed portion of the loan (changes each SBA fiscal year)



PACKAGING FEES

Lender sets fee, which cannot exceed 3% for loans \$50,000 or less or 2% for loans over \$50,000. (There is no maximum, but the fees must be reasonable and customary for the services actually performed. The hourly rate and time spent on each service must be documented.)

PREPAYMENT PENALTIES

For loans with a maturity of 15 years or longer, prepayment penalties apply when:

- The borrower pays 25% or more of the outstanding balance.
- The prepayment is made within the first three years after the date after receiving funds. (5% fee within first year of disbursement, 3% within second year, and 1% fee within third year).

SBA 7(a)

Loan Program Benefits



Partner with B:Side Capital by
creating an account at
bsidecapital.org

LENDER BENEFITS

- Mitigate risk with 75%-85% SBA guarantee, while increasing profitability
- Provide loans to small businesses who don't meet conventional credit requirements
- Expand product offerings without hiring staff or incurring capital expenditures
- Eligible costs and fees can be rolled into total project costs
- Ability to sell on the secondary market

BORROWER BENEFITS

- Low down payments
- Long repayment terms
- Reasonable interest rates
- Suitable for a wide range of business purposes
- Quicker processing times for loans \$350,000 or less
- Ability to get financing despite lack of sufficient collateral

SBA 7(a)

Life Insurance, Guarantees, Environmental & Appraisals

LIFE INSURANCE

- If the small business applicant is a sole proprietorship, single member LLC or a business' success is dependent on one owner AND the loan is over \$350,000, then key-person life insurance is required.
- For loans \$350,000 or less, the lender must follow their internal policy for similarly sized non-SBA guaranteed commercial loans.

PERSONAL/CORPORATE GUARANTEES

- Personal guarantees are required from every person or entity owning 20% or more of the business.
- A personal guarantor is required on every 7(a) loan, even if no one owns more than 20%.
- In some cases, SBA or the Lender may require other individuals to provide a full or limited guarantee of the loan, even if they don't hold ownership in the business.

ENVIRONMENTAL REPORTS

- Prior to funding, evidence must be provided that a project property is free and clear of environmental hazards.
- Either a Records Search Risk Assessment report plus an environmental questionnaire completed by the seller, a Transactional Screening Analysis (TSA), a Phase I or a Phase II report may be required.
- All reports should name the U.S. Small Business Administration and the name of the lending institution.

APPRAISALS

- Appraisals are required for all projects involving the purchase, improvement, and/or construction of real estate.
- Must have at least two valuation methods for projects over \$500,000.
- Must be ordered by the participating lender, performed by a state-certified appraiser and must name the U.S. Small Business Administration in addition to the name of the lending institution as an intended user.

SBA 7(a)

Project Example

EXAMPLE OF SBA 7(A) PROJECT

Source of Financing	Amount	Term	%	P&I	Amort.	Rate	Lien
Bank	\$322,000	96	90%	\$4,551.12	96	5%	1st
Equity Injection	\$35,780		10%				
TOTAL FINANCING	\$357,780	TOTAL MONTHLY P&I PAYMENT		\$4,551.12	TOTAL ANNUAL PAYMENT		\$54,613.44

BREAKDOWN OF COSTS

Type of Eligible Costs	Amount	Comments
SBA Guaranty Fee	\$7,245	
Contingency (<10%)	\$26,800	Interest Reserve & 10% contingency
Equipment	\$41,100	
Soft Costs	\$4,000	Packaging Fee*
Leasehold Improvements	\$89,080	
Purchase Inventory	\$86,000	
Working Capital	\$103,555	
TOTAL ELIGIBLY COSTS	\$357,780	
PROJECT TOTAL	\$357,780	

*The Packaging Fee is determine by the lender based on services provided to the small business.

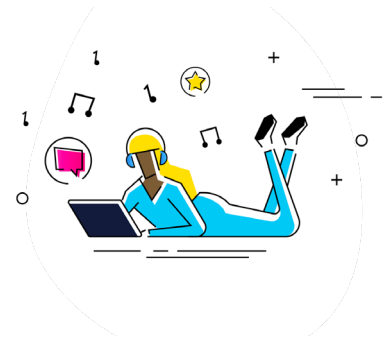
SBA 7(a)

Loan Application Checklist

The following items will need to be collected from the borrower in order to complete the loan application.

BUSINESS RELATED DOCUMENTS

- Business year end financial statements (last 3 years)
- Business interim financial statements (dated within 120 days)
- Projections (if business is less than two years old)
- Business tax returns (2-3 years)
- Affiliate business tax returns and debt schedules (3 years)
- Business history
- Organizational documents
- Lease documents
- Previous SBA financing documents (if applicable)
- Aging accounts receivable and accounts payable report
- If refinancing debt: copies of all promissory notes, credit card statements, and/or lease agreements
- Copy of fully executed franchise agreement (if applicable)



Document details can be found in the Loan Application, downloaded from the lender portal at bsidecapital.org

PROJECT RELATED DOCUMENTS

- Copies of all project cost documents
- Environmental reports
- Lender project memo

BORROWER RELATED DOCUMENTS

- Personal tax returns (last 3 years for every individual owning 20% or more)
- Drivers license (for every individual owning 20% or more)
- Resume (including education and work experience)
- Legal permanent resident documentation

IN-APPLICATION DOCUMENTS

- Financial projection information
- 7(a) borrower application (SBA Form 1919)
- Personal financial statement (SBA Form 413)
- Tax transcript verification (IRS Form 4506-C)

SBA 7(a)

Application & Loan Process

APPLICATION PROCESS

STEP 1:

Go to bsidecapital.org and sign up for an account on our lender portal.

STEP 2:

Utilize our resources in the lender portal to identify eligibility. You can chat us with questions or call us to better assess your project. (303.657.0010)

STEP 3:

Download the SBA 7(a) Loan Application and work with your client to start collecting the necessary information to submit.

STEP 4:

Whether or not you have all of the required documentation, you can submit a loan through our portal or email your application to: submit7a@bside.org

LOAN PROCESS

STEP 1:

Once you've submitted a loan application, our team will further review for eligibility and send a document checklist with additional items to collect.

STEP 2:

Your project will be assigned to a Loan Officer who will collect and organize the loan package.

STEP 3:

Once complete, we will submit the loan application and all required documents to SBA.

STEP 4: (APPROVAL)

SBA receives and reviews the completed application and issues authorization if approved.

STEP 5:

We prepare a document toolkit to help with the loan closing.

STEP 6: (CLOSING & FUNDING)

At this point in the process, you are responsible for closing and funding the loan.

Step 7:

If applicable, B:Side Capital is available to process any needed loan modifications and servicing actions.

SBA 7(a)

Lender Service Provider

FIRST TIME PARTNERING WITH US AS YOUR LSP?

- Contact us to sign the Loan Services and Indemnification agreements.
- Once approved by SBA we can start assisting you with 7(a) projects.
- You'll only need to complete this process once in order partner with us as your trusted back-office 7(a) loan processor.



Want to learn more?
Email hello@bside.org or call
303.657.0010 to inquire about our
LSP services

OUR LSP SERVICES

- Prepare SBA required forms
- Review lender credit memos
- Analyze loan structure and eligibility
- Draft SBA Authorization
- Submit 4506-T form to IRS and reconciliation with tax returns
- Submit loans to SBA for either non-delegated or delegated process
- Handle screen-out correspondence and authorization review
- Closing support with customized SBA 7(a) toolkit and closing documents
- Post approval loan modifications and/or servicing actions
- Handle reporting of services required (excludes 1502 reporting)
- Completion of the guaranty purchase package to SBA

SBA 7(a)

Lender Service Provider

LSP LOAN PROCESSING FEES

B:Side Capital charges a loan processing fee depending on loan amounts:

Loans less than \$2 million: 2% of gross loan amount
(max of \$4,000)

Loans \$2 million or greater: 2% of gross loan amount
(max charge of \$6,000)

LSP GUARANTY PURCHASE FEES

B:Side Capital charges a servicing fee for loans in connection with a Guaranty Purchase depending on loan amounts:

Loans less than \$2 million: 2% of gross loan amount
(max of \$4,000)

Loans \$2 million or greater: 2% of gross loan amount
(max charge of \$6,000)

LSP LOAN SERVICING FEES

B:Side Capital charges a loan servicing fee greater than 30 days after the loan has funded up to*:

- \$1,000 for assistance with analysis and submission
- \$500 for assistance with reporting services (excludes 1502 reporting)

**The sum of charges will not exceed \$1,000 when a single or multiple requests are submitted concurrently (within 45 days)*

Contact Us

How to get in touch

PHONE

303.657.0010

FAX

303.657.0140

EMAIL

hello@bside.org

LENDER PORTAL

- Create an account or sign in to the lender portal at bsidecapital.org
- You can send us projects, download loan applications, access loan calculators and use our chat function to quickly get questions answered

our mission is to foster the economic growth of
diverse small businesses