

***Small  
Business  
Administration  
Financing***



**UNITED BANK**  
OF PHILADELPHIA

Member  
**FDIC**

# SBA 7(a) LOAN PROGRAM

This is the Small Business Administration's (SBA) primary program. It is designed to help eligible small businesses obtain financing for a variety of business purposes under the guarantee of the U.S. Small Business Administration. SBA 7(a) is the most commonly used type of loan. The maximum SBA 7(a) loan amount is \$5,000,000.

## Use of Funds

- Working Capital
- Equipment and inventory purchases
- Leasehold improvements
- Business acquisition
- Commercial real estate acquisition
- Business debt refinancing

## SBA Guaranteed Percentages

- 85% guarantee for loans up to \$150,000
- 75% guarantee for loans greater than \$150,000

## Terms

The maximum loan maturities vary depending on the use of proceeds:

- Working capital—5 to 7 years
- Fixed asset acquisition—7 to 10 years
- Leasehold improvements—7 to 10 years
- Business acquisition—10 years
- Commercial real estate acquisition—up to 25 years

## Interest Rate

Variable rate tied to the Wall Street Journal Prime Rate plus a margin

## Eligibility Requirements

- Business must meet the SBA size standards as to annual gross sales or number of employees
- Business must be a for-profit operation
- Business must be located in the United States

# SMALL BUSINESS ADMINISTRATION

## Take advantage of the long repayment period with a United Bank of Philadelphia SBA Loan

The U.S. Small Business Administration (SBA) was established in 1953 by Congress with the mission to “promote” and assist small businesses by providing financing assistance through loan guarantees, management counseling, training and assistance in obtaining government procurement contracts.

United Bank of Philadelphia provides financing assistance through the SBA 7(a) Loan Program. The loan proceeds may be used for commercial real estate acquisition, construction, leasehold improvement, equipment and inventory purchase, business acquisition, business debt refinancing and working capital.

## Major advantages of a SBA Loan

Below are the major advantages of the SBA 7(a) Loan Program:

- Low down payment (as low as 10%)
- Flexible requirement on collateral
- Longer terms than most conventional loans (up to 25 years)\*

*\*Owner occupied Commercial Real Estate acquisition*

## Contact Information

**Coston Cobbs, Senior Lending Officer**

E: Ccobbs@ubphila.com

T: 215-231-3692

**Juliette Williams-Holmes, Commercial Lender**

E: Jwilliamsholmes@ubphila.com

T: 215-231-3679

**www.ubphila.com**

**So Much More Than Banking.<sup>SM</sup>**

# BEST PRACTICES FOR OBTAINING BUSINESS CREDIT

## **Have a clearly defined Business Plan**

Your plan should include your proposed sources of funding (personal equity, loans and grants) and proposed uses for the funding. Be clear about your assumptions which support financial projections of the company's ability to repay all of its debt.

## **Have an accountant on your team**

An accountant can assist you in developing your projections and budgets, provide financial statements, tax returns to your lenders and provide up to date financial results on how your business is performing.

## **Be upfront with lenders about any credit issues or challenges**

Negative information that comes to light after the application process has begun can derail or slow down the process.

## **Be realistic about how much debt your business can handle and repay**

If your business has or is realistically projected to have consistent annual net income of approximately \$100,000 your business possibly could support a loan of \$750,000. It would not make sense to seek a \$1,500,000 loan based on those facts.

## **Over Communicate**

Ensure that everyone on your team (banker, accountant, lawyer, contractor, etc.) is clear about their responsibilities and understand your expectations and timeline for securing funding.

## **Set deadlines**

When you need to get the application in – term sheet, commitment letter, closing and funding. Communicate early and often these deadlines to all stakeholders.