



Loan Programs

7(a)

Lender Benefits

- Mitigate bank's risk
- Minimal cost to borrower
- Bank can reduce interest rate to borrower because loan has a SBA guaranty
- Rates can be fixed or floating
- Provides bank a guaranty on loan which provides a higher return with the same security as government securities
- Terms on loans are longer than conventional bank terms which provides lower payments
- Offsets risk associated with business start-up financing

Required Forms

- SBA Form 4
- SBA Form 4-I (include lender's credit display)
- SBA Form 413
- SBA Form 1624 (borrower)
- SBA Form 1846 (lender)
- SBA Form 4A
- SBA Form 912

Other documents also required for complete package.

See 7(a) checklist at:
www.sba.gov/mt/mt_banking7a.html
 Most forms can be located at
www.sba.gov/banking

For More Information

- **SBA Montana District Office:**
- Phone: 406-441-1081
- Fax: 406-441-1090
- TDD: 406-441-1097
- E-mail: john.donovan@sba.gov
- District Home Page:
www.sba.gov/mt

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

Maximum loan \$2.0MM with a 75% guaranty (maximum guaranty amount - \$1.5 million)

Guaranty

- 85% for loans of \$150.0M or less
- 75% for loan greater than \$150.0M

Guaranty Fee (Paid on guaranteed portion only)

- 2% if loan is \$150.0M or less (bank may retain .25% of the fee)
- 3% for loans greater than \$150.0M up to \$700.0M
- 3.5% for loans greater than \$700,000 except as follows:
 - If guaranteed portion is greater than \$1,000,000, the first \$1,000,000 of the guaranteed portion at 3.5 percent and any guaranteed portion over \$1,000,000 at 3.75 percent.

An example of the additional fee of 0.25 percent on the SBA-guaranteed portion over \$1.0 million is: the guaranty fee on a \$2,000,000 loan with a 75 percent guaranty (\$1.5 million guaranteed amount) would be 3.5 percent of \$1,000,000 (\$35,000) PLUS 3.75 percent of \$500,000 (\$18,750) which totals \$53,750.

- Any size loan with a maturity less than one year .25% guaranty fee
- Lender annual service fee - .545% of the outstanding balance of the SBA guaranteed portion

Rates

- Based on wall street journal prime rate
- Loans less than 7 years prime plus 2.25%
- Loans greater than 7 years prime plus 2.75%
- Loans less than \$25.0M 4.75% above prime
- Loans more than \$25.0M less than \$50.0M 3.75%
- Rates may be fixed or float about prime

Maturities

- Working capital loans up to 7 year maturity
- Equipment 10 years or useful life
- Real estate loans up to 25 years
- Note may blend rate with the above usages

Collateral

- Must secure adequate collateral to cover loan