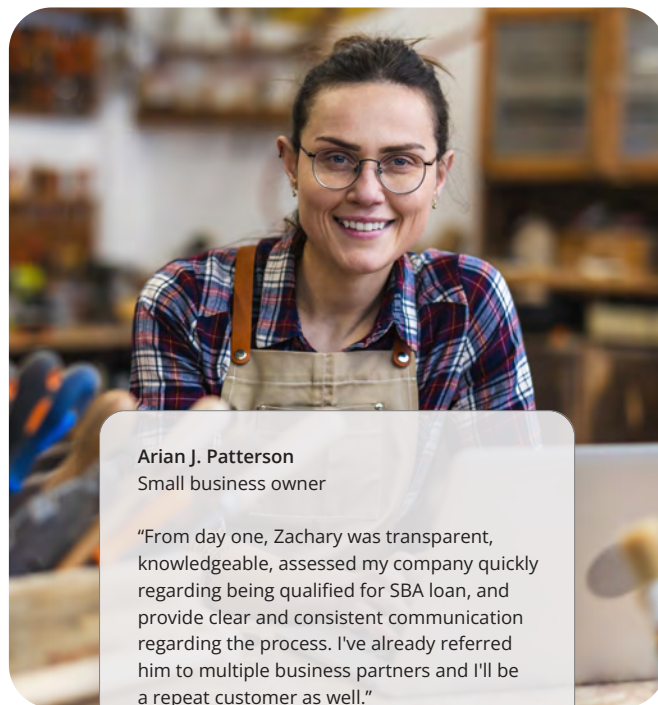


SBA 7(a) Loan Product Guide

SmartBiz Bank offers SBA 7(a) loans for eligible small business owners who want to expand. Funds from these loans may be used in a multitude of ways to help a small business.

SBA 7(a) loans from \$50,000 – \$350,000¹ may be used for debt refinancing and working capital. You get great rates², long repayment terms, and low monthly payments with SBA loans. With a typical 10-year loan term and no prepayment penalty, the monthly payment on these loans is extremely competitive. In most cases, the only collateral required is a blanket lien on business assets and a personal guarantee.

Businesses that qualify for an SBA loan are typically profitable, cash flow positive, and able to show that they can afford to make the monthly loan payments.



Arian J. Patterson
Small business owner

"From day one, Zachary was transparent, knowledgeable, assessed my company quickly regarding being qualified for SBA loan, and provide clear and consistent communication regarding the process. I've already referred him to multiple business partners and I'll be a repeat customer as well."

We've helped small business owners secure more SBA loans than any other platform

#1 Facilitator In SBA 7(a) Loans < \$350k

SBA loan key requirements³ from \$50,000 - \$350,000 include:

-  Minimum 3 years in business
-  U.S. based business owned by a citizen or lawful permanent resident
-  Resident who is at least 21 years old
-  FICO of 660 or higher
-  Minimum annual revenue requirement of \$250,000
-  GDSCR/BDSCR >1.00x
-  No outstanding tax liens
-  No bankruptcies or foreclosures in the past 3 years
-  No recent charge-offs or settlements
-  Current on government-related loans

¹. For discussion and general informational purposes only. All financing is subject to credit approval and determination of SBA eligibility by SmartBiz Bank. Additional collateral may be required.
². Loans offered by SmartBiz Bank, and through banks in the SmartBiz network, have a variable interest rate based on Prime and are subject to change.
³. Subject to credit approval. Your loan amount will be determined based on many factors, including your credit and financial profile. Not all applicants will qualify for the full amount.

What may a small business use funds on?

Eligible SBA 7(a) use of funds:

- General working capital
- Hiring employees
- Refinancing business debt
- Marketing

There are several common ineligible uses of proceeds for this program:

- Start-up financing
- House-flipping or real estate development
- Refinancing personal debt
- Construction or remodeling
- Business acquisition
- Floorplan financing
- Delinquent tax payment

What industries are eligible?

From a hair salon to an online retailer to an accounting firm, there are many small businesses that are typically eligible for an SBA 7(a) loan.

While most industries are eligible, there are a few exceptions like gambling or real estate development.

Here is a list of ineligible businesses and industries:

- Agriculture or farming
- Lobbying activity or political activity
- Bail bonds
- Mining
- Private clubs
- Cannabis industry
- Mortgage servicing
- Real estate development
- Gambling
- Oil
- Wildcatting
- Religious teaching
- Lending oil exploration
- Residential buildings
- Life insurance
- Pawn shop or vape shops
- Nonresidential building construction
- Automobile dealers
- Apparel, piece goods, and notions merchant wholesalers
- Wholesale electronic markets and agents and brokers
- Trucking/Transportation



Checklist for working capital loans: \$50,000 - \$350,000

General eligibility

- 3 years in business (with corresponding tax returns)
- For-profit business
- Proceeds: working capital, debt refinance, equipment purchases¹
- Minimum annual revenue requirement of \$250,000²
- Individuals owning 20% or more of business must be US citizens or legal permanent residents
- Individuals owning 20% or more of business cannot work for SBA
- The borrowing business must not have defaulted on any government-backed loans

Credit (for all individuals owning 20% or more of business)

- Good personal credit - minimum personal credit of FICO 660
- Business credit score (liquid credit) - as low as 160³
- Public records search for business owners
- No bankruptcy in past 3 years
- No foreclosure in past 3 years
- No open tax liens or outstanding judgments

Cash flow (cash flow analysis is calculated using these documents)

- 2 years of business and personal tax returns
- YTD profit & loss and balance sheet⁴
- Business debt schedule
- 6 most recent business bank statements

Barriers to fund (These are some items to watch out for that may have lengthen time to fund or render a business ineligible)

- Declining revenue trends in borrowing business or affiliates
- Unfiled tax returns beyond extension window
- Undisclosed criminal records
- Businesses or guarantors that are mid-litigation
- Undisclosed debt / UCC liens
- Large outstanding tax balances owed

1. Loan proceeds cannot be used to refinance a short-term obligation created with the intent of refinancing it with a 7(a) loan.
2. We calculate global cash flow for guarantors. Recommend gross annual income of \$250,000.
3. Industry dependent.
4. Only needed if business has filed and is currently on an extended tax deadline or if business is applying for funding to refinance debt.





Tips and information on getting funded¹

What's the timeline to funding?

Our SBA loans usually take 4-6 weeks to fund. Bank Term loans and our line of credit options within our marketplace take an average of 2 weeks to fund.

Have your last two to three years of tax returns available at the time of applying:

SmartBiz Bank will use these figures to run their cash flow analysis; in addition, we'll need a Balance Sheet dated within 120 days, and an updated Profit and Loss Statement if your business is on a tax extension.

Prepare what you are planning to do with loan proceeds

A borrower who has specific ideas for their proceeds is usually more dedicated to the underwriting process, and these can also be vetted against SBA/lender eligibility requirements.

Do you rent or own your business location?

Packaging requirements change accordingly.

www.smartbizloans.com



1. The SmartBiz® Small Business Blog and other related communications from SmartBiz Bank® are intended to provide general information on relevant topics for managing small businesses. Be aware that this is not a comprehensive analysis of the subject matter covered and is not intended to provide specific recommendations to you or your business with respect to the matters addressed. Please consult legal and financial professionals for further information.