

SBA Loan Program Overview

| | SBA Express Loans | SBA 7(a) Term Loans | SBA 504 Term Loans |
|-------------------------|---|--|--|
| Eligibility | <p>Must be a for-profit business located in the United States.</p> <p>Business & affiliates must meet small business size standards.</p> <p>Owners must be of good character.</p> | <p>Must be a for-profit business located in the United States.</p> <p>Business & affiliates must meet small business size standards.</p> <p>Owners must be of good character.</p> | <p>Must be a for-profit business located in the United States.</p> <p>Net worth below \$7.5MM, net profit after tax less than \$2.5MM.</p> <p>Create/Retain 1 job per \$50,000 in SBA loan funds.</p> |
| Loan Size | <p>Maximum SBA loan amount limited to \$350,000.</p> | <p>Maximum SBA loan amount limited to \$2MM.</p> <p>Maximum SBA loan guarantee is limited to \$1.5MM (includes affiliates).</p> | <p>Maximum SBA loan amount is limited to \$1.5MM.</p> <p>Up to \$2.0MM for public policy goals and \$4.0MM for small manufacturers.</p> |
| Use of Funds | <ul style="list-style-type: none"> ▪ Short Term Working Capital | <ul style="list-style-type: none"> ▪ Real Estate & Land ▪ Machinery & Equipment ▪ Furniture & Fixtures ▪ Inventory ▪ Term Working Capital ▪ Business Acquisitions ▪ Debt Refinance (meeting SBA req.) | <ul style="list-style-type: none"> ▪ Real Estate (purchase, construction or leasehold) ▪ Land ▪ Machinery & Equipment |
| Financing | <p>Best Bank provides the financing for the total amount of the loan.</p> <p>SBA provides Best Bank 50% guaranty on loans up to \$350,000.</p> <p>Best Bank can provide maximum financing of up to 90% for start up expenses.</p> | <p>Best Bank provides the financing for the total amount of the loan.</p> <p>SBA provides Best Bank 85% guaranty on loans up to \$150,000.</p> <p>SBA provides Best Bank 75% guaranty on loans in excess of \$150,000.</p> <p>Best Bank can provide maximum financing of 90% for real estate and start up expenses.</p> <p>Best Bank can provide financing of 100% for purchases of machinery & equipment, furniture & fixtures, inventory, and working capital for existing businesses.</p> | <p>Best Bank provides the financing for 50% of the total project.</p> <p>SBA provides the financing for 40% of the total project.</p> <p>Business provides the equity of a minimum of 10% of the total project.</p> <p>Business provides the equity of 15% if a start up <u>or</u> special purpose project. Business provides the equity of 20% if a start up <u>and</u> special purpose project.</p> <p>Additional equity reduces the SBA financing amount.</p> |
| Term | <p>Term of revolving lines of credit with SBA- up to 7 years. Lender term will be renewed on an annual basis.</p> | <p>Term needs to match the life of the asset being financed.</p> <p>SBA requires full amortization on all loan terms (no balloons).</p> <ul style="list-style-type: none"> ▪ Real Estate & Land- up to 25 years ▪ Equipment- up to 10 years ▪ Working Capital- up to 7 years | <p>Term of Best Bank loan must be:</p> <ul style="list-style-type: none"> ▪ 10 years for Real Estate ▪ 7 years for Machinery & Equipment <p>Term of SBA loan can be up to:</p> <ul style="list-style-type: none"> ▪ 20 years for Real Estate ▪ 15 years for Machinery & Equipment |
| Collateral | <p>SBA requires Best Bank to take a secured interest in all business assets and/or a mortgage on real estate.</p> | <p>SBA requires Best Bank to take a secured interest in all business assets and/or a mortgage on real estate.</p> | <p>Best Bank holds a 1st mortgage or a 1st secured interest in the real estate or equipment.</p> <p>SBA holds a 2nd mortgage or 2nd secured interest in the real estate or equipment.</p> |
| SBA Guaranty Fee | <p>SBA Guaranty Fee of 0.25% of the guaranteed portion on lines of credit with maturity of 12 months or less for the 1st year only.</p> <p>SBA Guaranty Fee of 1.75% of the guaranteed portion on loan amounts up to \$150,000 during the 2nd year.</p> <p>SBA Guaranty Fee of 2.75% of the guaranteed portion on loan amounts over \$150,000 during the 2nd year.</p> | <p>SBA Guaranty Fee of 2% of the guaranteed portion on loan amounts up to \$150,000.</p> <p>SBA Guaranty Fee of 3% of the guaranteed portion on loan amounts over \$150,000 up to \$700,000.</p> <p>SBA Guaranty Fee of 3.5% of the guaranteed portion on loan amounts over \$700,000 up to \$1,000,000.</p> <p>SBA Guaranty Fee of 3.75% of the guaranteed portion on loan amounts over \$1,000,000.</p> | <p>Best Bank determines fee on bank financing portion.</p> <p>SBA and CDC fee charges are up to 3.0% and must be added into the total financing package.</p> |
| Interest Rates | <p>Fixed or variable rate options.</p> <p>Maximum rate of Prime + 6.5% on loan amounts up to \$50,000.</p> <p>Maximum rate of Prime +4.5% on loan amounts over \$150,000.</p> | <p>Fixed or variable rate options.</p> <p>Maximum rate of Prime + 2.25% on loan terms with a maturity of up to 7 years.</p> <p>Maximum rate of Prime + 2.75% on loan terms with a maturity of over 7 years.</p> <p>An additional 2% can be charged for loan amounts up to \$25,000. An additional 1% can be charged for loan amounts over \$25,000 but less than \$50,000.</p> | <p>Fixed or variable rate options on the Best Bank loan. Adjustment period may vary.</p> <p>Fixed rate (below market) for the term of the loan on the SBA portion. Rate is fixed after Best Bank loan closes and the debenture is sold.</p> |
| Lender Fees | <p>Lender pays 0.55% annual servicing fee on outstanding guaranteed portion.</p> | <p>Lender pays 0.55% annual servicing fee on outstanding guaranteed portion.</p> | <p>Lender pays 0.50% fee as a one-time charge for 1st collateral position.</p> |