SBA Lending

A Guide for Residential Loan Officers

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Loan Product Diversification
Diversification

Why SBA Lending?

SBA loans provide a stable commercial revenue stream that offsets seasonal fluctuations in residential markets.

Expand your client base by offering government-backed financing solutions to ambitious small business owners.

Key Differences

SBA vs Residential

Shift focus from personal credit scores to business cash flow and debt service coverage coverage ratios.

Navigate longer closing timelines and more rigorous documentation requirements compared to standard residential mortgage processing.

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The SBA 7(a) Loan Program

Versatile Funding for Growth

The 7(a) is the SBA's most popular program, offering up to $5M for O/O CRE, Working Capital, Equipment, and Business Acquisitions. It features flexible terms up to 10 years for most uses and 25 years for CRE, providing essential liquidity for operational expansion.

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The SBA 504 Loan Program

O/O CRE & Equipment Financing Excellence

Designed for major fixed assets, the 504 program uses a unique 50-40-10 structure to finance owner- occupied real estate and long-term machinery. It offers below-market fixed rates and 10 to 25-year terms, helping businesses preserve capital while building long-term equity.

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SBA Eligibility Standards

Operating Status	The business must be a for-profit entity, physically located and operating within the United States or its territories, and have invested equity. <u>All Borrowers must have US Citizenship.</u>
Credit Requirements	Lenders evaluate personal and business credit history, typically requiring a minimum score of 700, and verify no prior federal debt defaults.
Ability to Repay	Applicants must demonstrate sufficient historical or projected business cash flow to cash flow to cover all business operations and debt obligations with a reasonable reasonable margin.

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Global Cash Flow Analysis

Commercial Underwriting Fundamentals

Unlike residential DTI ratios that focus on personal income, Global Cash Flow (GCF) integrates business earnings, personal income, and guarantor debts. It assesses the combined ability of all related entities and individuals to service total global debt obligations.

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The SBA Loan Process

Preparation and Packaging

Step 1

Gather financial documents documents and complete your your formal loan application. application.

Lender Internal Underwriting

Step 2

The bank reviews creditworthiness and analyzes analyzes your business financials.

SBA Approval Phase

Step 3

The lender submits the file file for final SBA authorization.

Commitment and Closing

Step 4

Review loan terms and sign all all necessary legal documents. documents.

Funding and Disbursement

Step 5

Receive your capital and start start growing your business operations.

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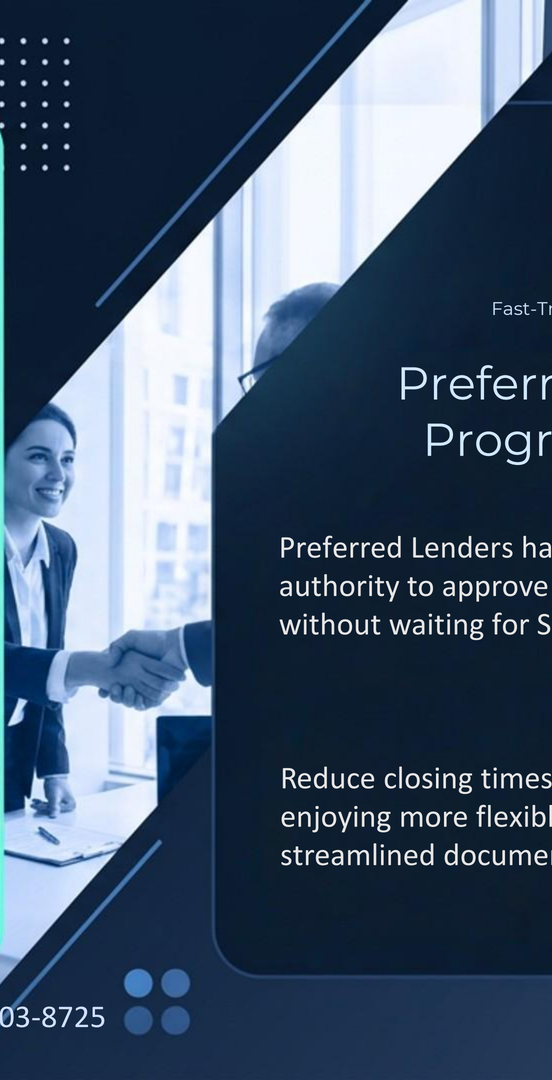
Expert 504 Partners

Certified Development Companies (CDCs)

CDCs manage the entire SBA 504 application, underwriting, and servicing process on your behalf.

Outsource complex paperwork to non-profit experts to focus on your core business operations.



Fast-Track Approvals

Preferred Lender Program (PLP)

Preferred Lenders have delegated authority to approve loans in-house without waiting for SBA review.

Reduce closing times by weeks while enjoying more flexible terms and streamlined documentation requirements.

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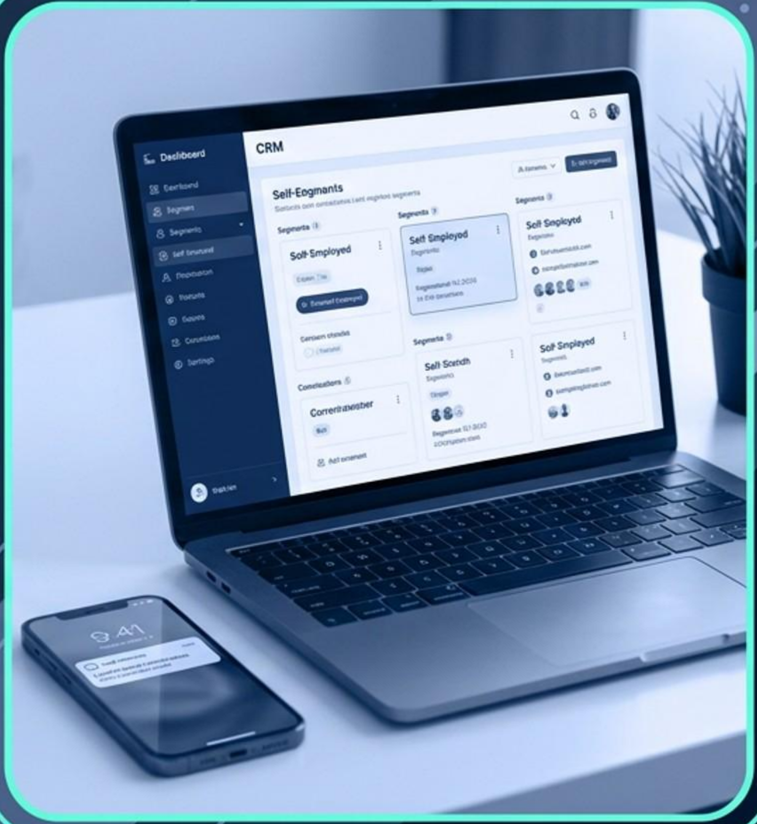
Identifying and Converting SBA Leads

Mining Your Database for SBA Gold

Unlock hidden potential by segmenting your database for self-employed clients and business owners. Use targeted email nurturing, educational lead magnets like "SBA Funding Guides," and rapid 10-minute follow-ups to convert high-intent prospects into funded borrowers.



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Next Steps

Identify Opportunities	Review your existing residential database for self-employed clients or business owners who may need commercial financing or expansion capital through SBA programs.
Master Guidelines	Familiarize yourself with SBA 7(a) and 504 loan requirements to confidently explain eligibility, down payments, and terms to potential business borrowers.
Build Partnerships	Connect with local CPAs, business brokers, and commercial real estate agents to establish a referral network that feeds your new SBA lending pipeline.
Launch Outreach	Update your marketing materials and social media presence to highlight your new capability in providing providing specialized government-backed small business financing solutions.