



Community Advantage Loans



• What is a Community Advantage Loan?

Community Advantage is a loan program introduced by SBA to meet the credit, management, and technical assistance needs of small businesses in under served markets. Community Advantage provides mission-based lenders, such as Community Development Financial Institutions (CDFIs), access to a 7(a) loan program for loans up to \$250,000, having SBA guarantees up to 85%.

Eligibility and Loan Requirements

- For-profit borrowers in underserved markets that meet SBA size standards. WBD service area is state of Wisconsin.
- Borrower must meet SBA credit score requirements and prove credit worthiness, management capabilities, and business viability.
- Collateral based on assets financed with loan proceeds and additional collateral availability.
- Unlimited guaranty of owners and affiliate companies if applicable.

Eligible Use of Funds

- Purchase or refinance real estate, machinery and equipment.
- Business acquisition or expansion.
- Accounts receivable and inventory.
- Loan fees and expenses.
- Can be used in conjunction with other SBA or economic development programs.

Maximum Maturity and Amortization

- 10 years for working capital.
- 10 years or the useful life of equipment.
- 25 years for real estate, WBD lending parameters are typically 10-15 years.
- No prepayment penalty on maturities up to 15 years.

Interest Rates

- The maximum interest rate on a Community Advantage Loan is the Prime Interest Rate + 6%, WBD actual rates are set based on credit risk and transaction size.

Maximum Loan Amount

- The total amount of Community Advantage Loans to any one borrower and affiliates may not exceed \$250,000. WBD typically loans \$150,000 or less subject to minimum 10% equity requirement.

Fees and Expenses

- SBA guaranty fees paid on guaranteed portion: 2% for gross loans \$150,000 or less (Fee waived through 9/30/2016) and 3% for gross loans \$150,001 - \$250,000.
- Loan application and packaging fee: SBA maximum is 2% of loan amount. Actual WBD fee based on required preparation time.
- Credit underwriting due diligence and loan closing expenses to be paid by borrower.



For more information contact:
Vicki Stone, Community Lending Manager
vstone@wbd.org or (920) 966-1494