SBA Fundamentals Training

May 14, 2025

2 Meet the Lender Service Team

Over 100 Years of SBA Experience!

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3 Who We Are

History

- Founded in 1981 as Wisconsin Business Development Finance Corporation (Now just WBD, Inc)
- Mission Driven, Non-Profit, SBA Authorized Certified Development Company
- Consistently among top 10 (of about 200) CDCs in the USA

WBD. Your Business Finance Resource™

- #9 in US in FY 2024

4 A Good Year for WBD!

WBD'S LENDER SERVICES TEAM PROVIDES SBA SERVICES AND ASSISTANCE TO HELP CLIENTS WITH SBA RESOURCES

WBD SERVICE COMPANY FISCAL YEAR 2024

WBD packaged 59 SBA 7(A) LOANS

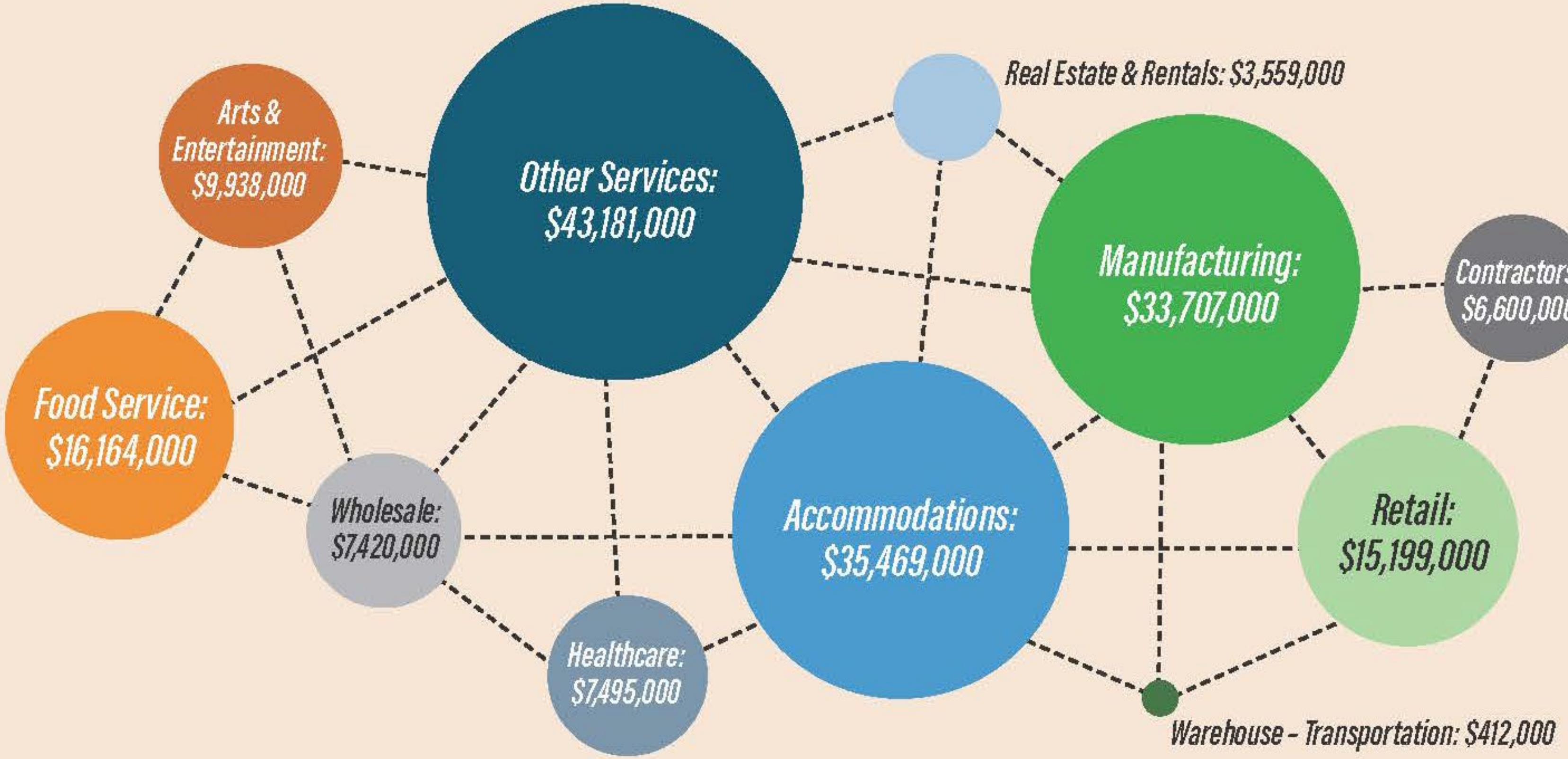
Which Supported $28,488,000 in new business investment

AND HELPED CREATE 228 NEW JOBS

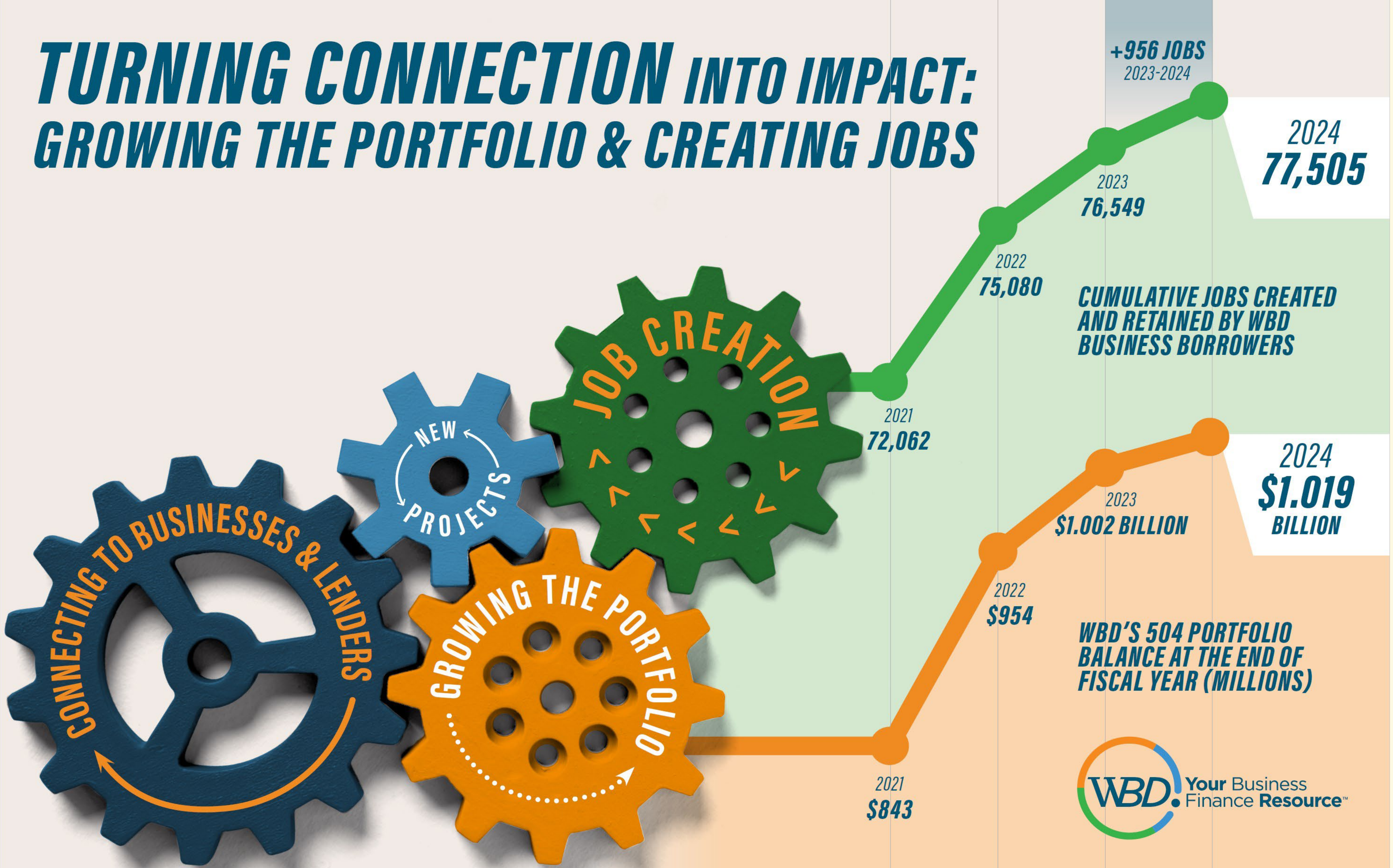
ACTIVE PARTNER AGREEMENTS WITH 116 INSTITU- TIONS

↖ 5 Taking a Closer Look

FY24 AUTHORIZATIONS BY INDUSTRY



TURNING CONNECTION INTO IMPACT: GROWING THE PORTFOLIO & CREATING JOBS



Agenda

8 Quick Check of the Room

What is your experience with SBA lending?

- Never done an SBA Loan
- Less than 20 Career SBA Loans
- 20 – 50 Career SBA Loans
- More than 50 SBA Loans

My institution is…

- Standard 7(a) Lender
- Express Lender
- PLP Lender
- Third-party Lender on 504 loans
- None of the above/not sure

SBA department?

- We have an SBA department
- I am the SBA department
- We do not have an SBA department/not sure

Why Make SBA Loans?

Why should you learn about SBA loan programs and make them available to your clients & prospects?

Because it’s a competitive marketplace and you need all of the options available to you!

11 Lender Benefits

12 Advantage of SBA's Loan Guaranty

Impacts on this Range:

- ✓ Overall economy
- ✓ Lenders' regulatory environment
- ✓ Lender liquidity/lack thereof
- ✓ Lenders' competitive environment

Most Viable Business Profile

- ✓ Experienced management
- ✓ Ample debt service coverage
- ✓ Sterling credit
- ✓ Generous collateral
- ✓ Sound business idea
- ✓ Financial reserves

Least Viable Business Profile

- ✓ No management experience
- ✓ No repayment ability
- ✓ Impractical business idea
- ✓ No financial reserves
- ✓ No equity investment

Lender Comfort Range

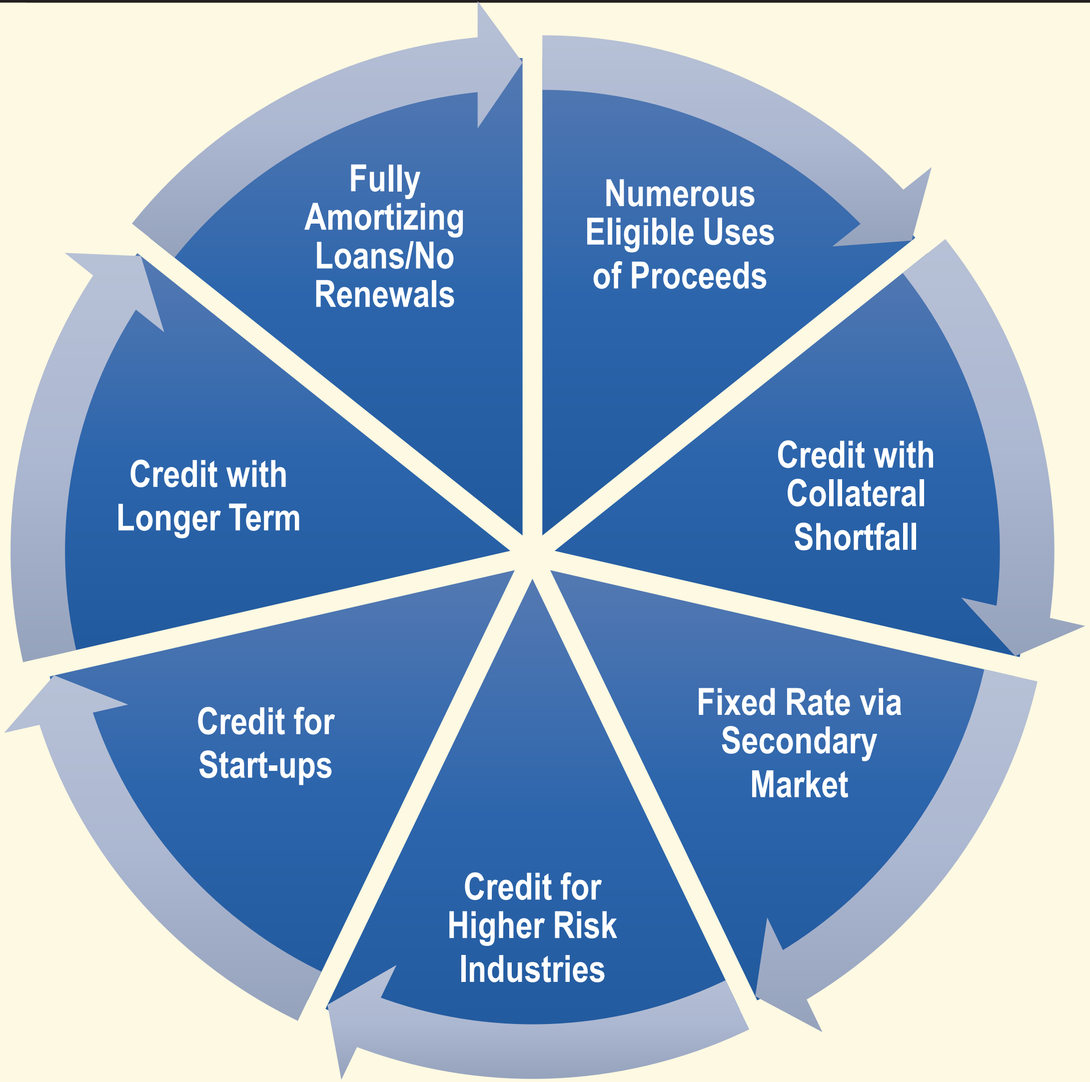
Lender is comfortable making loans without SBA's Guaranty

SBA Range

"No Go" Range

Neither Lender nor SBA can approve credit

13 Borrower Benefits



14 Common SBA Objections

- Too much paperwork
- Takes too long
- Borrower don't like paying fees
- Interest rates are too high
- It's only for "bad" loans & businesses
- Borrowers need perfect credit
- SBA doesn't honor its guaranty
- SBA is the lender of last resort
- We don't have anyone who knows the SBA Programs
- Unsure which program is best

What is Your Institution's Current Status/Plan for SBA Lending?

Where’s Your Institution at with SBA Lending?

- Is Management “on board” and supportive of SBA lending initiative?
- Is Credit Administration willing to adopt SBA terms/conditions?
- Are Lenders willing to offer the SBA solution?
- Are you passing on deals that could’ve been structured with an SBA guaranty?
- Are you tired of losing deals to active, competing SBA lenders?
- Do you have the necessary staffing to undertake SBA lending?
- Are you missing out on SBA lending opportunities because you lack expedited processing & tools (i.e. Preferred Lender Processing “PLP” and SBA Express)?

SBA’s Mission and Financial Assistance

18 SBA's General Mission

Technical Assistance & Counseling

SBDC, SCORE, Women's Business Centers

Financial Assistance

Deferred Participation Guaranteed Loan Programs

Contracting Assistance

Export Assistance Offices

Disaster Recovery Assistance

Personal and Business Loans

Advocacy, Laws & Regulations

"Small business watchdog"

SBA's Financial Assistance Mission

- Provide eligible borrowers with access to capital when meeting Credit Elsewhere
- Lender protection & reduced risk via the government loan guaranty
- Borrower-friendly loan terms not otherwise available
- Lender must prove/show reasonable assurance of repayment

Overview of SBA Loan Programs

SBA 504 Loans:
Best Fit for Financing

- Fixed Assets
- Over $300,000

22 SBA 504 Overview

Economic development loan program, **jointly provided by lenders and Certified Development Companies (WBD),** offering eligible borrowers:

Uses	Fixed asset financing- equipment and owner-occupied real estate- AND debt refinancing
Lower Down Payment	Low down-payment -as low as 10%
Fixed rates	Long-term, below-market, fixed rates - fixed for 10, 20 or 25 years
Structure and Size	Fully amortizing loans, no balloon payments 504 loans up to \$5.0MM/\$5.5MM Project size greater than ~ \$300,000

23 Eligible Use of Funds

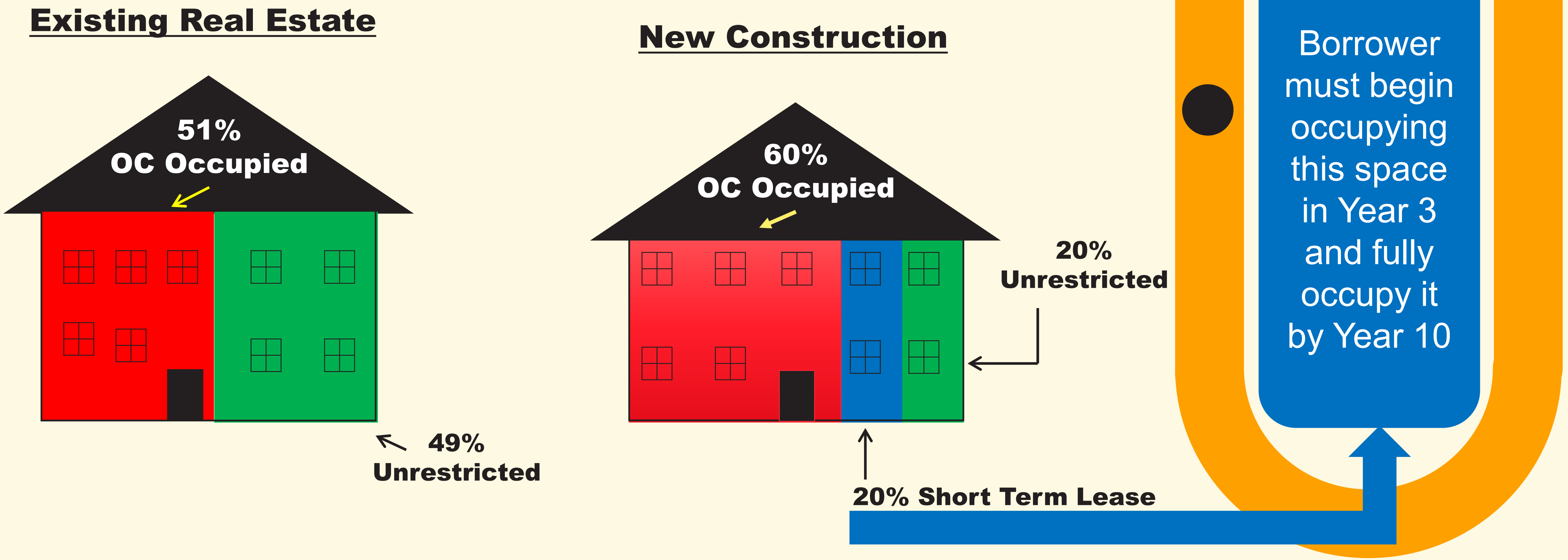
Eligible

- **Owner Occupied Commercial Real Estate**
- **Equipment (including shipping and installation costs)**
- Project Related Eligible Soft Costs
  - Professional Fees
  - Appraisal & Environmental Reports
  - Interim Interest
- **Refinance w/ Expansion**
  - Up to 100% of expansion costs
- **Permanent Refinance Program**

Ineligible 504 Costs (but 7(a) eligible)

- Working Capital; Inventory; Other Current Assets
- "Goodwill"; Other Intangible Assets

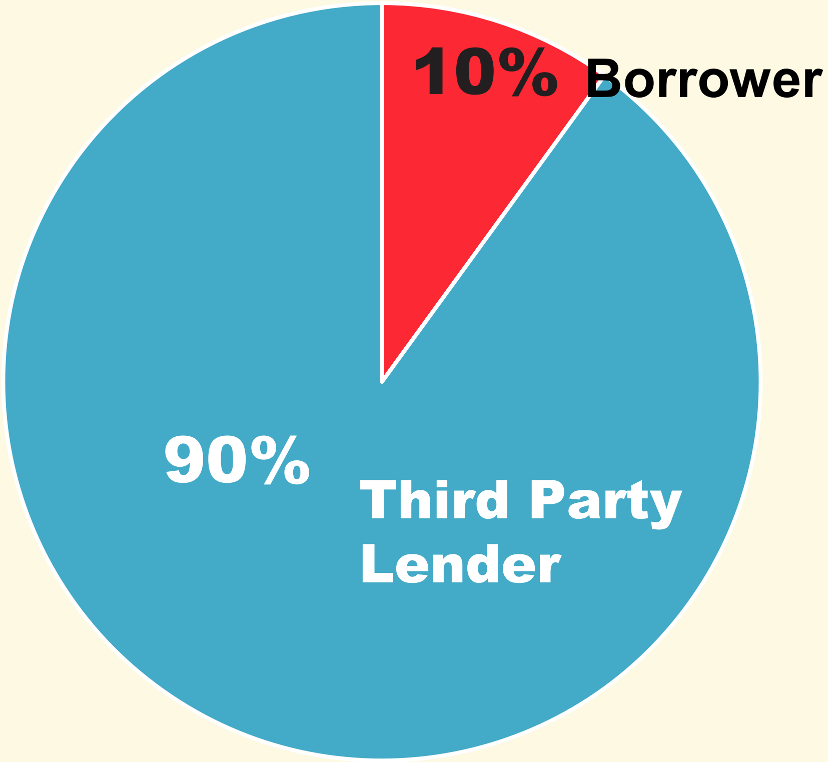
24 Eligibility Occupancy Rules

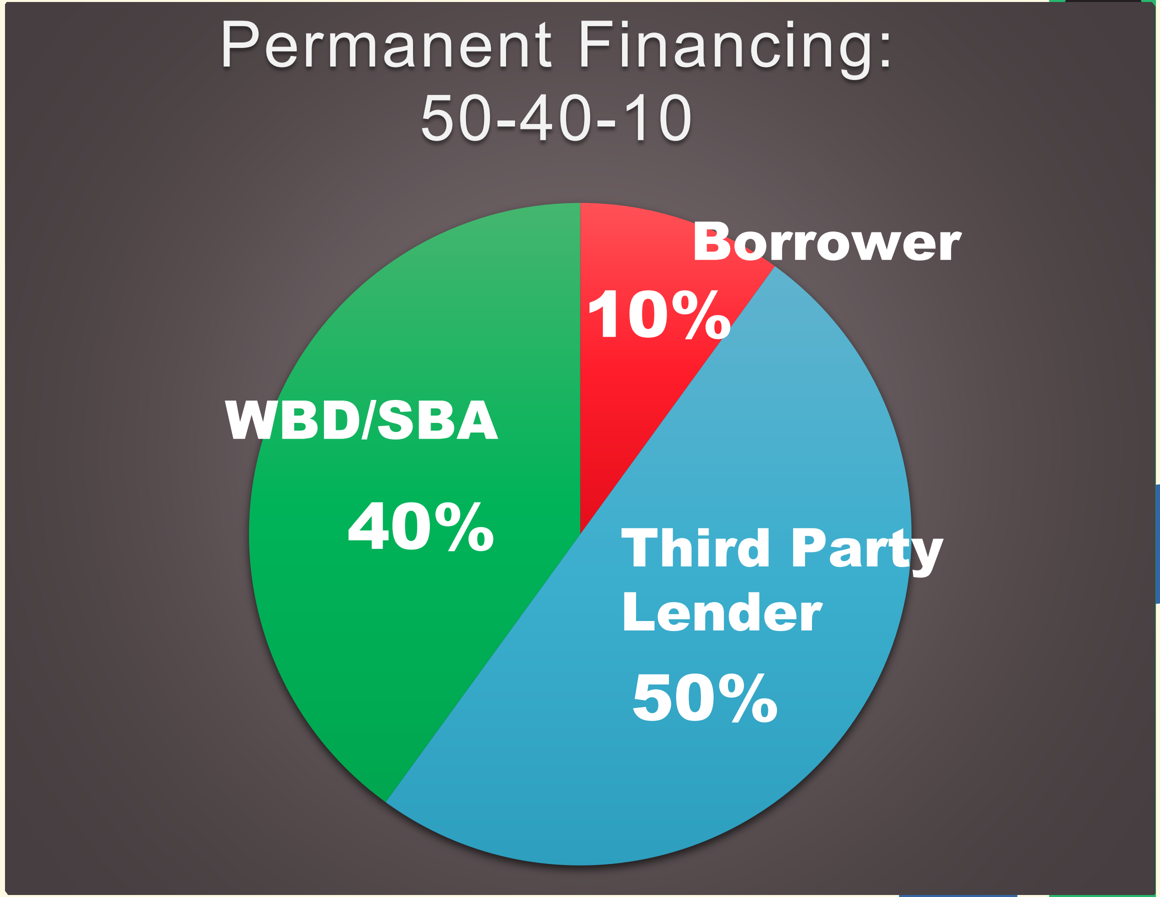


Rentable Property in both cases may also include exterior space, not including parking, used by the business; e.g. storage yard for contractors, trucking companies, landscapers, etc.

Typical 504 Structure

Interim Financing

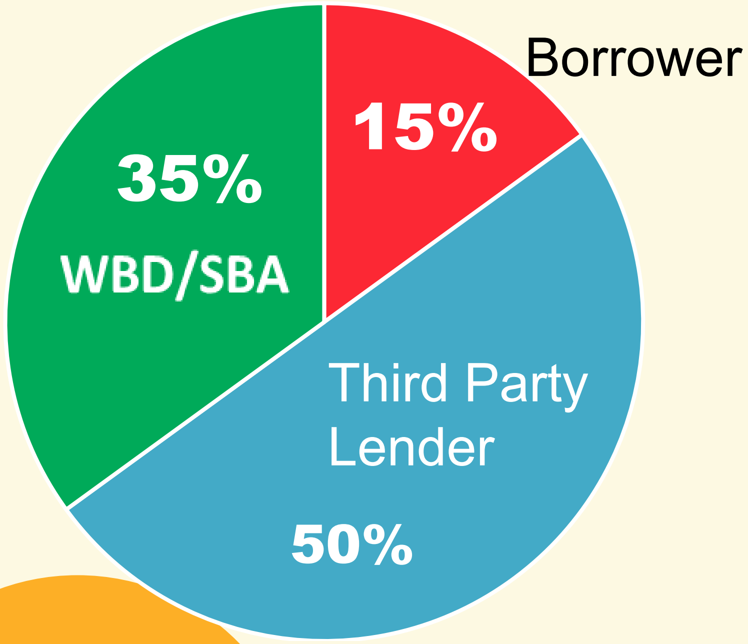




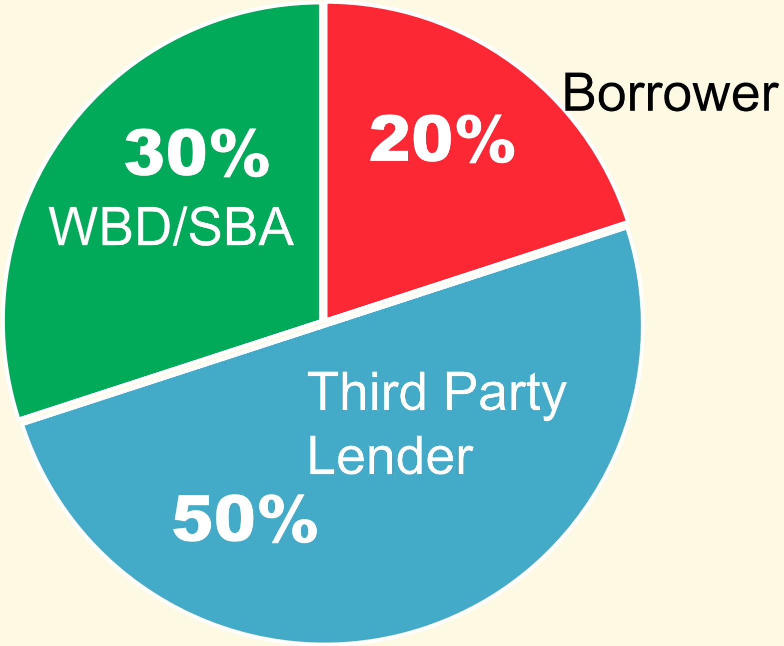
- Third Party Lender’s portion is a conventional loan
- Additional collateral may be taken for Interim Financing
- 504 portion has 100% SBA guaranty

Special 504 Program Structures

Start-up OR Special Purpose
50-35-15



Start-up AND Special Purpose R/E
50-30-20



Third Party Lender must be at 50% participation in both scenarios

SBA 7(a) Loans

Best Fit for Financing:

- Fixed Assets up to $300,000
- Other Asset Types up to $5,000,000

7(a) Loan Guarantees –By Loan Amount

85% ← Less than or equal to **$150,000** Greater than → 75%

- SBA has deferred participation with regard to its guarantee – business must fail in order for Lender to 'collect' on the loan guaranty
- Maximum guarantee of $3,750,000 aggregate to Applicant & Affiliates
- 2 or more loans within 90 days, loan amounts are combined to determine guaranty percentage

29 Common Processing Methods

General Processing – GP

- Application sent to SBA for Approval*

Preferred Lender Processing – PLP (delegated authority)

- Application sent to SBA for Loan Number only (approval completed internally by lender)*
- SOP 50 10 8 states all 7(a) lenders with delegated authority MUST approve all loans using their delegated authority and cannot be sent to LGPC for approval.
  - 2 exceptions:
    - Refinance of same institution debt (SID)
    - 7(a) Int'l Trade Loans ONLY – when collateral is not in a 1st lien position.
    - 7aDelegatedLoanApps@sba.gov – specific project ? only!

SOP 50 10 8 is effective 6-01-25

Express – EXP (delegated authority)

- Application sent to SBA for Loan Number only (approval completed internally by lender)*

*SBA completes automated compliance checks on ALL loans

30 7(a) Vs 504

SBA 7(a)	SBA 504
Wider range of eligible use of proceeds; not limited to fixed assets	Lower Origination Fees on projects over $500M
Lender controls/establishes loan closing date	Competitive, long-term fixed rates
Lender retains higher loan balances on its books	Lender has superior lien position over SBA; lower risk of loan loss
Fee income from sale of guaranteed portion of loan	Borrower-friendly personal collateral requirements
Borrower makes single monthly loan payment	WBD/SBA responsible for loan liquidation activities
No interim financing risk; Lender's exposure protected by SBA guaranty at all times	Lender has the ability to sell 1st mortgage; limited opportunity
More opportunity for debt refinancing	More flexible seller financing
CRA credit	Lender's 1st mortgage not subject to SBA Annual Servicing Fee
Potentially lower down-payment	No monthly 1502 reporting for Lender
Ability to offer Lines of Credit	Higher SBA program limits for manufacturers (NAICS 31, 32, 33)

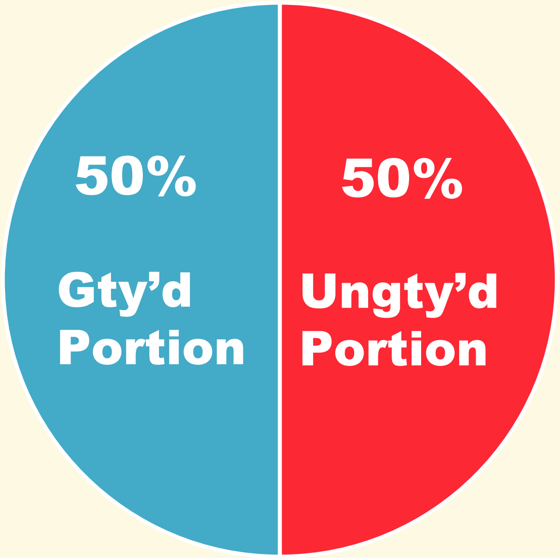
SBA Express

Best Fit for:

- Lines of Credit OR
- Term Loans up to $500,000 with Reduced SBA Guarantee of 50%

Express Loan Guarantees

SBA Express: Delegated Authority



- $500,000 loan amount limit under multiple Express loans/lines.
- $250,000 loan guaranty limit under multiple Express loans/lines.
- Participating Lender applies for an SBA loan guarantee; always Delegated authority.
- SBA has deferred participation with regard to its guarantee – business must fail in order for Lender to 'collect' on the loan guaranty.
- Loan guarantee never exceeds 50%.

Express vs 7(a)

SBA Express	SBA 7(a)
Term Loans and/or Lines of Credit up to $500,000	Term Loans (only) up to $5,000,000 (CAPLines program notwithstanding)
Loan guaranty limited to 50%	Loan guaranty between 75%-85% based on loan amount
Lender uses its own Note, Collateral and Guaranty documents	Lender can use SBA Note & Guaranty documents
No SBA SBSS scoring Lender may use its own “credit scoring”	Lender must use SBA SBSS scoring for loans up to $350,000
Limited fee income potential from sale of loans due to small loan sizes & lower guaranty % Lines of Credit <u>may not</u> be sold	Significant fee income potential from sale of loans due to high loan limits & guaranty % (CAPLines program notwithstanding)
Delegated Authority = Fast Approval & Closing (Separate SBA approval to become an Express lender)	Non-Delegated Processing = Credit Certainty with Longer Approval timeline (Delegated Authority notwithstanding)
SBA doesn’t review Lender’s application Subject to review for compliance at Guaranty Purchase	Non-Delegated Lender’s credit decision may not be “second-guessed” at time of Guaranty Purchase

34 7(a) & Express Term Loans – Maximum Maturity

Real Estate

25 Years + Construction up to 12 months

Up to 10 Years
(may be up to 15 if supported by IRS asset class useful life)

Machinery/Equipment

Working Capital & Intangible Assets

Up to 10 Years

No balloon structures

SBA requires loan maturity to be equal to the amortization schedule

35 Express Lines of Credit– Maximum Maturity

Since 1/1/18, Express Lines of Credit must contain these maturity requirements

- Maximum maturity is 10 years, including both the Draw and Term-out periods
- Term-out period must equal or exceed the Draw (i.e. revolving) Period
- Maximum Draw Period is 5 years
- No draws permitted after the initial 5 year period
- Line must have a stated maturity
- Line must have a term-out period

7(a) and Express Interest Rates

Maximum Interest Rates

7(a) and Express Loan Amounts	Maximum Rate
Loans > $350,000	WSJ Prime + 3.00%
Loans > $250,000 ≤ $350,000	WSJ Prime + 4.50%
Loans > $50,000 ≤ $250,000	WSJ Prime + 6.00%
Loans ≤ $50,000	WSJ Prime + 6.50%

Example: Lender could offer a $400,000 loan to finance equipment and working capital with <u>either</u> a floating rate of Prime + 3.0%, or a fixed rate up to 10.5% (Prime is currently 7.5%) for full term or a period of time, with a maturity of 10 years in either case.

38 7(a) & Express Interest Accrual Method

Unsold Loans:

- SBA doesn't require a specific interest accrual method for these loans.
- Lender may compute interest using either **30/360**, or **Actual/365** (aka 365/365), or **Actual/360** (aka 365/360).
- However, Lenders are advised that if they use **Actual/360** method that they cannot then charge the maximum allowable rate of interest, such as Prime + 3% for loans over $350,000, because it will result in an Annual Percentage Rate that exceeds SBA's regulatory maximum.

Sold Loans:

- SBA requires that loans sold on the secondary market have interest accrual calculated on either 30/360 or Actual/365 (aka 365/365).

7(a) Interest Rates – Floors & Ceilings

- **SBA allows Lenders to limit the upward and downward adjustments by establishing a floor and ceiling on a 7(a) loan, provided that:**
  - Both the floor and ceiling are stated in the Note; and
  - The difference between the stated rate in the Note and the floor is equal to or greater than the difference between the stated rate in the Note and the ceiling.
  - Example #1, if the Note rate is 9% and the floor is 8%, the ceiling must not exceed 10%.
  - Example #2, if the Note rate is 9% and the ceiling is 11%, the floor must be 7% or lower.
- **In general, floors are problematic for lenders in very low rate environments (think 2008–2015 or 2020-2021), while ceilings are problematic in rising rate environments (think today).**

7(a) and Express Loan Fees

SBA Fees Effective 3/27/2025

Gross Loan Size	Loan Maturity	Fee (can be financed with loan)
Any	Up to 12 months	0.25% of gty'd portion; if renewed/extended beyond 12 months, SBA will charge remainder of fee below
≤ to $150K	More than 12 months	2% of gty'd portion; Lender allowed to retain 25% of that as fee income with 75% payable to SBA
> $150K ≤ $700K	More than 12 months	3% of gty'd portion
> $700K ≤ $5 Million	More than 12 months	3.5% of gty'd portion up to $1 million plus 3.75% of gty'd portion over $1 million
Borrower's up front fee for Express Loans to Veterans, Current or Widowed Spouses		SBA requires business to be at least 51% owned & controlled by eligible individuals with documentation
≤ $500,000	Any	Waived for FY 2025
Lenders Annual Service Fee		Payable for life of loan
≤ $5 Million	Any	0.55% of gty'd portion of outstanding balance

42 Situational Fees

Fee	Purpose	Guidance
Origination, doc prep or similar fees…		Prohibited by SBA BUT:
Packaging Fee	Assisting the Applicant with completing one or more applications, preparing a business plan, cash flow projections, and other documents related to the application.	1. Flat fee up to $2,500 OR 2. Hourly for services performed OR 3. Max of 5% for loans ≤ $150M; 3% for loans > $150M; $30M cap Cannot > fees charged on similar non-SBA loans If lender hires an LSP, the LSP's fee cannot be passed onto the borrower.
Out of Pocket Expenses	Direct costs associated w/ necessary expenses as a result of an SBA requirement	Lender may be reimbursed by borrower of from loan proceeds
Prepayment Penalty/ Subsidy Recoupment Fee – pd. to SBA	For loans with maturity 15 years or longer, when borrower prepays 25%+ in first 3 years	5% of loan bal. - Year 1 3% of loan bal. - Year 2 1% of loan bal. - Year 3

7 (a) and Express Eligibility

Credit Elsewhere – Eligibility Begins Here!

Lender must determine that…

Borrower is unable to obtain the loan on <u>reasonable terms</u> without a Federal guaranty, or from alternative sources, without undue hardship

In other words, Borrower must demonstrate a need for SBA's guaranty!

If some/all of the loan is available on reasonable terms, the SBA loan request must be reduced by the amount available from other sources, or declined

Lender responsibility to determine if some or all of loan is not available from the applicant and owners of 20% or more.

Exceptions:

- **Applicant – reasonable funds set aside for WC needs**
- **Owners - reasonable funds set aside for medical, educational, retirement needs.**

45 Credit Elsewhere –Documentation

- Lender must document reason(s) why Borrower can't obtain financing w/o SBA support
- These are the acceptable credit factors that meet the credit elsewhere requirement:
  - Applicant needs a longer **maturity** than Lender's loan policy permits;
  - Applicant's **collateral** does not meet Lender's policy requirements;
  - Lender's policy doesn't normally allow loans to **new businesses** or businesses in the **applicant's industry**;
  - Other factors Lender feels cannot be overcome **but for** the SBA guaranty;
- **Lender's credit presentation must specifically identify and discuss one or more of these factor(s) to justify why Borrower meets the "credit elsewhere test" – narrative is required, no longer a box checking exercise…**

Eligible “Small” Businesses

Applicant must be:

- an operating business
- organized for-profit
- located in the U.S.
- small by SBA standards, including Affiliates
- demonstrate need for credit

NAICS Standard

- 500 employees: manufacturers
- 100 employees: wholesalers
- $7MM-$38.5MM: average annual revenue

Alternative

- $20MM tangible net worth

  and

- $6.5MM or less after-tax net profits (previous 2-year average)

47 Ineligible Business Types

21
ineligible business types listed in the SOP

- Non-profits
- Passive Businesses
- Involved in Illegal Activity
- Associates with Poor Character
- Prior Government Loss & Delinquent Federal Debt
  - Business ineligible if applicant has existing 7(a) or 504 loan that is not 'current' at time loan number issued.

SOP 50 10 8:
Section A
Chapter 1
Paragraph E

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Eligible Use of SBA Proceeds

Common Uses

- Permanent Working Capital – 7(a) or Express
- Revolving Working Capital – Express only
- Inventory & Supplies – both
- Furniture, Fixtures, Leaseholds – both
- Machinery & Equipment – both
- Owner-occupied Real Estate Purchase, Construction, Renovation – both

Complex Uses

- Change of Ownership – including valuation-supported Goodwill & Intangibles; both
- Debt Refinance –for loans that meet certain criteria; both

49 Ineligible Uses of SBA Proceeds

- Payments, distributions or loans to Associates
- Payment of delinquent federal, state, or local payroll taxes, sales taxes, or similar use
- Passive real estate or personal property investment
- Floor-plan financing
- To finance relocation of applicant business resulting in net reductions in jobs
- Refinancing debt owed to a Small Business Investment Company
- Loan to an Applicant for the benefit of an ineligible affiliated business

Change of Ownership – Basic Eligibility

1. **Complete Change of Ownership:**
   - Non-owner(s) buying 100% ownership interest of the business;
2. **Partner Buyout:**
   - One/more existing owner(s) purchase/redeem ownership from other existing owner(s) resulting in 100% ownership by purchasing owner(s); may be other existing owner(s) whose ownership remains static outside of this transaction (known as “creeping control”).

- With option 1 or 2, seller cannot remain an officer, director, stockholder or employee; may enter into a consulting contract for <= 12 months.

3. **Partial Change of Ownership :**
   - Non-owner(s) purchase portion of 1 or more existing owner’s interest in business, or of the business itself
   - All remaining owners subject to SBA requirements for personal guarantees based on post-sale % EXCEPT: any selling owner who remains as < 20% owner MUST provide guaranty for full loan amount for 2 yrs post-disbursement.
   - Multi-step partial changes of ownership are no longer eligible.

- For option 2 or 3, purchasing owner(s) required to be co-borrowers with business entity (for General Partnership, all remaining partners must be co-borrowers)

51 Change of Ownership – Business Valuation Requirements

- ✓ Business Valuation required when financing a Change of Ownership.
- ✓ Goodwill supported by Business Valuation can be financed.
- ✓ When amount being financed **minus** the appraised value of Real Estate and/or Equipment being financed is:

Amount of Financing	Type of Valuation Required
≤ $250,000	Internal Valuation prepared by Lender (1)
> $250,000	External Valuation prepared by Independent **Qualified Source**
Close Relationship between Buyer & Seller (2)	External Valuation prepared by Independent **Qualified Source**

(1) If permitted by Lender's policies; otherwise obtain External Valuation
(2) Sales between family members, business partners or employee/employer

Change of Ownership – Business Valuation Providers

Independent Qualified Sources:

An individual who regularly receives compensation for business valuations and accredited by:

- Accredited Senior Appraiser (ASA)
- Accredited in Business Valuation (ABV)
- Certified Valuation Analyst (CVA)
- Certified Business Appraiser (CBA)
- Business Certified Appraiser (BCA)

Requirements for Special Purpose Property:

- See page 179 of SOP 50 10 8 for details.
- Certified General Real Property Appraiser who completed at least 4 going concern appraisals in last 36 months for equivalent special use property
- Appraisal must allocate separate values to land, building, equipment & **intangibles**

Change of Ownership – Equity Requirements

For ALL 7a loans

Complete Change of Ownership:

- Minimum 10% equity injection (of total project costs)
- Seller Debt may not be considered as part of equity injection unless:
  - On full standby (no principal or interest payments) for life of SBA loan; AND
  - Does not exceed half of the SBA-required equity injection.

- Existing business acquiring another business in same 6-digit NAICS code with identical ownership and in same geographic area is considered a "business expansion" and does not require an equity injection.

- Loan to an ESOP for purchasing at least 51% in the employer small business is not subject to SBA's requirement for equity injection.

Change of Ownership – Equity Requirements

<u>For ALL 7(a) Loans</u>

- **Complete Partner Buyout:**
  - If loan will finance >90% of purchase price, following must be met:
    - Remaining owner(s) certify they have been actively participating in the business operation and held the same or increasing ownership interest in business for at least the past 24 months <u>**AND**</u>
    - Balance sheets for most recent fiscal year & current quarter reflect Debt-to-Worth ratio of no greater than 9:1 <u>prior</u> to ownership change.
    - If unable to meet the above, remaining owner(s) must contribute cash either sufficient to reflect debt-to-worth ratio of no greater than 9:1 on the business's balance sheet for the **current quarter prior to change in ownership** or 10% of purchase price, whichever is less.
- **Partial Change of Ownership:**
  - Balance sheets for most recent fiscal year & current quarter <u>**must**</u> reflect debt-to-worth of no greater than 9:1 <u>prior</u> to change in ownership <u>**OR**</u> follow 3rd bullet point above (new and/or existing owners must contribute).

Debt Refinance – Basic Eligibility

SBA loan proceeds <u>may not</u> be used to pay a creditor in a position to sustain a loss.

- **Maximum maturity:**
  - 25 years if refinancing real estate.
  - 10 years if refinancing debt for all other purposes unless remaining useful life is longer with supporting documentation.
- **Standard 7(a) Loans <u>must</u> be secured with at least same collateral and lien priority as debt that is being refinanced (w/ exception of trading assets)**

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Debt Refinance –Eligible Use of Proceeds

10 types of obligations are eligible for refinance (7(a) & Express):

1. Debt structured with demand note or balloon payment;
2. Debt with Interest Rate exceeding SBA's maximum;
3. Credit card debt used for business expenses with Applicant certification;
4. Debt that is over collateralized per SBA rules;
5. Revolving Lines of Credit if extending maturity or reducing rate;
6. Debt with maturity that was not appropriate for the financing purpose;
7. Debt used to finance a Change of Ownership;
   a. If Seller Debt, must be in place & current on payments (not on standby) at least 24 months;
8. Debt on business balance sheet with borrower certification that interest expense is reported on business tax returns and debt was used solely for business purposes;
9. HELOC with Applicant certification it was used exclusively for business purposes;
10. Fully amortizing non-SBA debt with another lender if refinance will result in 10% reduction in monthly payments;

MERCHANT CASH ADVANCES AND FACTORING AGREEMENTS NO LONGER ELIGIBLE!

57 Debt Refinance – Requirements

- Transcript showing loan is 'current' (no payment made more than 29 days late – includes matured loans) for prior 12 months or life of loan, whichever is less.
- Copy of Note required.
- **Refinancing Same Institution Debt (SID) - Conventional:**
  - Must be processed GP (Not eligible for PLP or EXP)
  - Transcript for prior 36 months, or life of loan, showing due dates and payments
  - Explanation, in writing, of any late payments or late charges over previous 36 months
- **Refinancing SID or Other-Lender SBA 7(a) Loans:**
  - SID 7(a) loans may only be refinanced if lender unable to modify terms due to secondary market investor OR
  - An increase in amount of existing SBA-guaranteed loan is not possible.
- **Refinancing SBA 504 Loans:**
  - Not eligible to refinance only the Third Party Lender's 1st mortgage loan
  - Justification to refinance the existing 504 loan must be included in credit memo
  - Any applicable 504 prepayment penalties will apply.

Case Study #1 – Complete Change of Ownership

- **$751,700 SBA Term Loan – 25 yr. term; 5 yr. change period**
- **Companion loan - $100,000 SBA Express LOC for WC**
- **7(a) Sources & Uses:**

Sources of Funds:			**Uses of Funds:**		
SBA 7(a) Term Loan	$751,700		Complete Change of Ownership	$825,000	94.1%
Equity Injection - Personal Cash	$125,050		Service Fee	$2,500	0.3%
			Misc. Closing Costs	$49,250	5.6%
Total	**$876,750**		**Total**	**$876,750**	**100.0%**

Case Study #1 continued...

- **Lender Considerations – Change of Ownership:**
  - **How structured? Asset Purchase; CRE & Equipment**
    - **Obtain executed Purchase Agreement with breakdown of assets**
  - **Term of Loan – for complete change of ownership:**
    - **Up to 25 years if acquisition includes Commercial Real Estate where business operates and appraised value of CRE is 51% or more of purchase price. (65.88% in this example)**
  - **Business Valuation**
    - **Lender had option to complete internal valuation as amount financed less RE & Equip. <$250M – chose external due to internal policies & procedures.**
  - **Equity Injection – minimum 10% of total project costs**

Case Study #2 – Debt Refinance with Change of Ownership

- $2,380,000 SBA TL – 10 yr. term; 5 yr. change period
- 504/7a Combo Project (504 to purchase real estate)
- 7(a) Sources & Uses:

Sources of Funds:		Uses of Funds:		
SBA 7(a) Term Loan	$2,380,000	Pay Notes Payable - SID	$1,690,146	71.0%
Equity	$0	Complete Partner Buyout	$400,000	16.8%
		Permanent Working Capital	$216,412	9.1%
		SBA Guaranty Fee	$64,438	2.7%
		Service Fee	$500	0.0%
		Other Misc. Closing Costs	$8,505	0.4%
Total	$2,380,000	Total	$2,380,000	100.0%

Case Study #2 continued...

- **Lender Considerations – Refinance:**
  - **Refinance of SID MUST go GP vs. PLP**
  - **Debt to be refinanced must be "current":**
    - **Payment transcript showing not more than 29 days past maturity, and no payment has been made more than 29 days late for the last 12 months, or life of loan, whichever is less.**

    Funded under SOP 50 10 7.1; would now require 36 mo. of transcripts showing due dates and payments with explanations of any late payments (since was SID).
  - **Copy of existing Note required.**
  - **Debt to be refinanced MUST meet one of the 10 considerations (slide 52) – balloon payment.**

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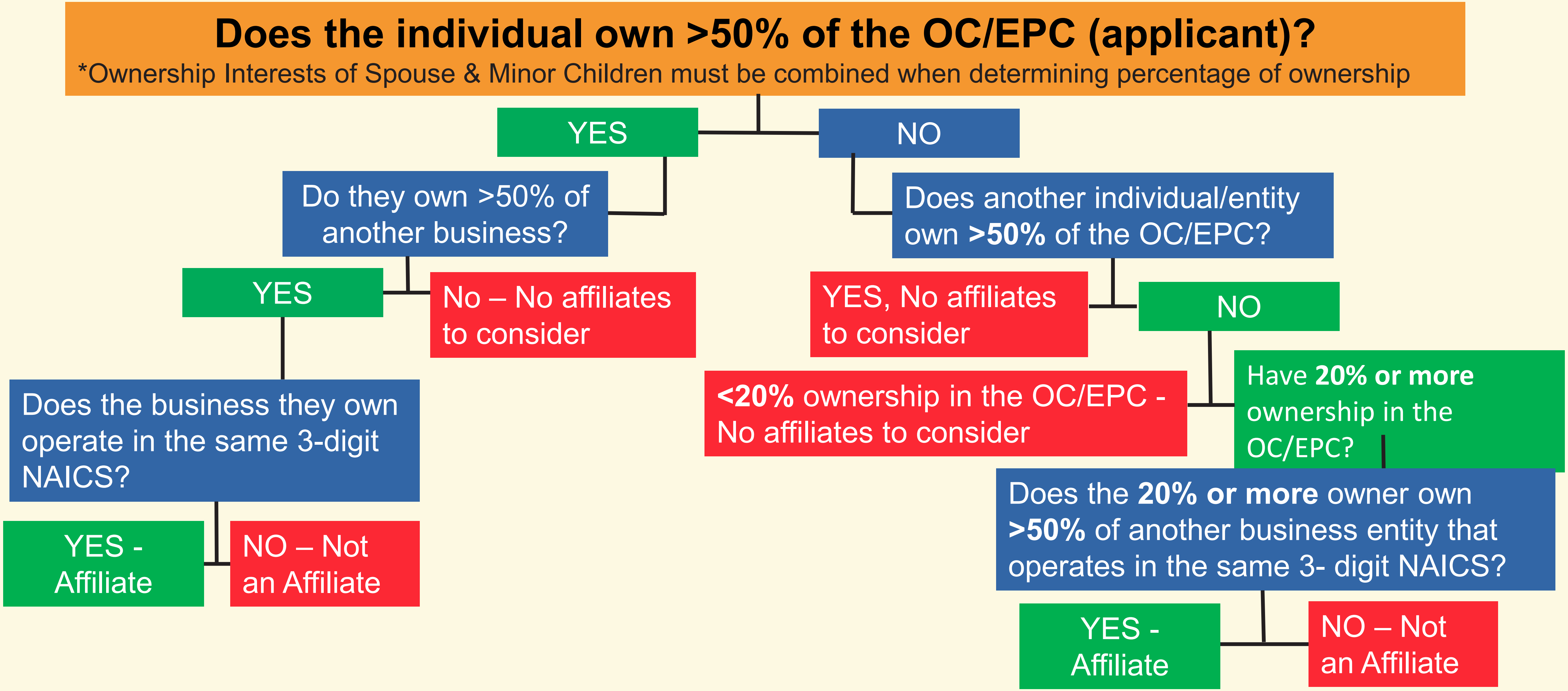
Case Study #2 continued...

- **Lender Considerations – Change of Ownership**
- **Partner Buyout/Stock Redemption of 2 individuals (1 remaining owner)**
- **Equity Requirement:**
  - **For 7a loan, SBA requires remaining owner to contribute cash of at least 10% of purchase price unless:**
    - **Remaining owner certifies have been actively participating in the business operation & held the same or an increasing ownership interest for at least the past 24 months; AND**
    - **Balance sheets for the most recent fiscal year & current quarter show debt-to-worth ratio no more than 9:1 before the ownership change.**
      - **Minimum cash injection is 10% of purchase price or sufficient amount to reflect a 9:1 debt to worth on the pro forma balance sheet, whichever is less.**
- **Business Valuation from qualified source required – involved business partner.**

53 Affiliation Redefined:
For individuals owning the OC or EPC:



64 More Affiliation Clarity

- **Ownership interests of spouses and minor children must be combined when determining amount of ownership interest**
- **When determining % of ownership an individual has in the Applicant, SBA considers <u>direct</u> & <u>indirect</u> ownership of entities - Example:**
  - John Smith owns 35% of Applicant
  - Jane Doe owns 15% of Applicant
  - Jane Doe, Inc. owns 50% of Applicant
    - Jane owns 100% of Jane Doe, Inc. Therefore, Jane owns 65% of Applicant.
- **Stock options, convertible securities and agreements to merge**
  - SBA treats them as though the rights in the agreement have been exercised
- **Lenders responsible for reviewing Management Agreements to ensure Applicant is not a Passive Business (unless part of franchise agreement).**

65 Franchise Lending

- SBA is reinstating the **Franchise Directory** of "eligible" brands as of 6/01/25
- Franchisors must be listed on Franchise Directory to be eligible.
- For brands listed on directory as of 5/11/23, franchisor has until 7/31/25 to execute new certification.
- Until 7/31/25, lenders must use Addendum indicated on Directory and comply with any notes listed.
- If new Certification not executed by 7/31/25, brand will be removed from Direcotry.

66 Franchise Lending continued...

- No addendum needed for new brands added to Directory
- If brand not listed, lender should instruct applicant and/or franchisor how brand can be added:
  - Franchisor must submit Agreement, FDD and all other documents franchisor requires franchisee to sign to franchise@sba.gov.
  - After SBA review/approval, SBA will send Certification to franchisor for signature.
  - Once SBA receives executed Certification, Franchise Identifier Code will be assigned.

67 Lending to Real Estate Holding Companies – aka Eligible Passive Companies (EPC)

SBA prohibits:

- Financing assets which are held for their passive income
- Such as non-owner-occupied real estate

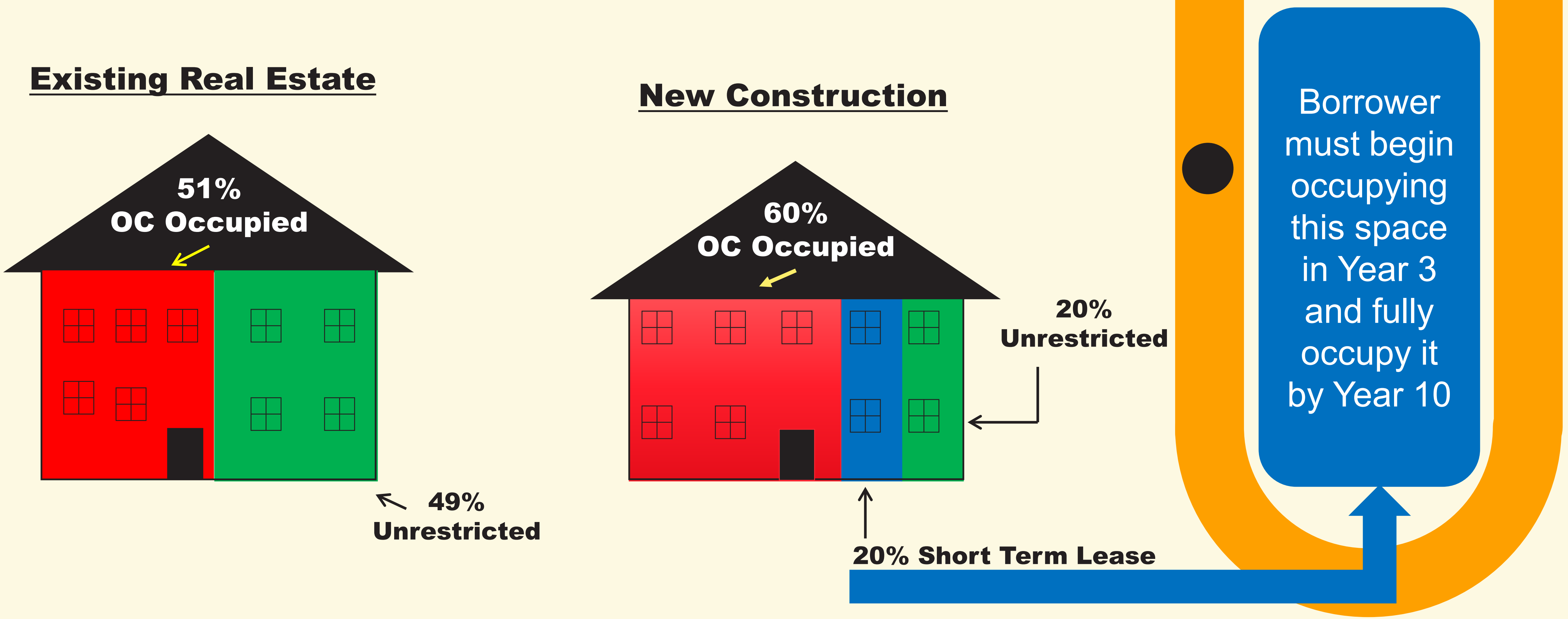
Exceptions to this prohibition:

- Commercial real estate owned by an EPC and leased to a related Operating Company ("OC")
- Business personal property (i.e. trucks & trailers) owned by an EPC and leased to a related OC

Results in an eligible loan structure known as:

- An EPC/OC relationship

68 Eligibility Occupancy Rules



Rentable Property in both cases may also include exterior space, not including parking, used by the business; e.g. storage yard for contractors, trucking companies, landscapers, etc.

69 EPC Leasing & Sub-Leasing Rules

Acquire | Lease | Improve | Renovate

- OC must be an Eligible Business
- EPC leases directly to OC
- Lease is subordinated to Lender's Mortgage
- Lease term including renewal options must be >= term of loan
- EPC provides collateral for Assignment of Rents
- Rent/Lease payments must not exceed loan payment + EPC's holding costs

Sub-lease: OC must lease 100% from EPC, then OC may sublease a portion

70 EPC/OC Guarantor Rules

Guarantor

- OC must at a minimum be an unlimited **Guarantor** of the EPC's loan (in all cases)

Co-Borrower

- OC must be a **Co-Borrower** of EPC's loan if receiving loan proceeds for purchase of tangible or intangible assets, or for working capital

Other Rules

- Each 20%+ owner of <u>either</u> EPC <u>or</u> OC must provide unlimited Guarantee
- When spouse's combined ownership in <u>either</u> EPC <u>or</u> OC totals 20%+, both provide unlimited Guarantee
- If owner is a Trust, then Trustee shall execute unlimited Guarantee on behalf of the Trust

71 Prior Loss or Delinquency

- **Loan ineligible if the business, or its owner(s), have caused a loss to the federal government:**
  - This applies to losses caused on any federal government financing type, including previous SBA loans, student loan, etc.
- **Loan ineligible if there is a delinquent federal debt:**
  - Delinquent means not paid within 90 days of the due date
- Best practice to check **Credit Alert Verification Reporting System (CAIVRS)** to determine if there is a prior loss or delinquent debt in the business' or owners' history:
  - https://entp.hud.gov/caivrs/public/home.html

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Character Evaluation

Ineligible SBA Candidates:

- Incarcerated individuals
- Individuals serving a sentence of imprisonment imposed upon adjudication of guilty
- Individuals under indictment for a felony or any crime involving or relating to financial misconduct or a false statement

Individuals on parole or probation may be eligible:

- If success of business is dependent on them, Applicant must provide plan for continued operations in event of reincarceration
- Lender should consider requiring additional guarantors

Court documentation, fingerprinting, FBI background check, etc. not required

Assisting Non-U.S. Citizen Owners

100% of Direct/Indirect Owners (people) & Guarantors must be:

- U.S. Citizen (No verification required; certification to be signed)
- U.S. National (Born in American Samoa or Swains Island) *
- Unconditional Lawful Permanent Resident (Conditional LPR status not eligible) *

*** Info to obtain from U.S. National or Unconditional LPR:**

- USCIS Form G-845
- Release/Authorization Form
- Form 551 (Green Card)
  - Email SacramentoAlienVerification@sba.gov – **Details in SOP 50 10 8 p. 27-31**

6-Month Lookback unless Ineligible Person fully divests:

- No ownership or employment with Applicant business; sever all relationships prior to loan application submission

7(a) and Express Underwriting

SBA Express Loans – Credit Analysis

1. **Demonstrate Reasonable Assurance of Repayment**
2. **Do What You Do:**
   - Lender must follow underwriting procedures used for similarly-sized non-SBA commercial loans
   - Lenders may use their own business credit scoring model (cannot rely solely on consumer credit scores)
   - Credit decision, including how much to factor in a past bankruptcy or whether to require an equity injection, is left to Lender's judgment

7(a) Small Loans – Credit Analysis

What is a 7(a) Small Loan?

All loans ≤ $350,000 that are not Express loans and have acceptable SBSS score

What is the pre-screening process?

Obtain SBSS score in Etran Origination

- If ≥ 165: "acceptable" – Lender's credit memo must demonstrate reasonable assurance of repayment and include:
    - Description and history of business
    - Description of management team and relevant experience
    - If loan > $50,000 & 50%+ used for working capital, explain why necessary & appropriate
    - Owner/guarantor analysis consistent with Lender's policy for similarly-sized non-SBA loans
- If < 165: "unacceptable" – Application must meet requirements for Standard 7(a) Loans > $350,000 or be submitted as SBA Express (50% guarantee)

77 7(a) Loans – Credit Analysis

What is a Standard 7(a) loan?

- Any loan > $350,000 (other than SBA Express) OR
- Any 7(a) loan ≤ $350,000 with SBSS score < 165

What is the pre-screening process?

- SBA does not utilize E-tran credit scoring for 7(a) loans > $350,000

SBA-specific underwriting requirements

- Pro forma DSC at least 1.15x either historic or projected; if complete change of ownership or relying on projections, include comments on borrower's assumptions
- Global pro forma DSC at least 1.0x for Borrower and any Affiliates
- Pro forma balance sheet with DTW and current ratios as of Day One with 7a loan in place
- Analysis of working capital adequacy
- If application involves a Franchise, Lender must review credit info from Franchisor

See SOP 50 10 8 pages 128-131 for full requirements

78 Equity Injection –7(a) and Express Programs

Minimum required on 7(a) loans – Any loan amount

- Start-up business (generating revenue ≤ 1 year) = at least 10% of total project costs
- Complete change of ownership = at least 10% of total project costs
- Partner buyout = at least 10% of purchase price unless:
  – Buyer's been actively participating in business operation & held same or increasing ownership % at least the past 24 months; AND
  – Balance sheets for most recent FYE & YTD reflect Debt to Worth no greater than 9 to 1 prior to ownership change
- Partial change of ownership – at least 10% of purchase price unless FYE & YTD balance sheets have DTW no greater than 9 to 1 prior to ownership change

SBA Express loans:

- Decision on whether to require equity injection is left to business judgment of Lender
- Explain decision in Credit Memo

79 Acceptable Sources of Equity Injection

Acceptable Sources of Equity Injection:

- Debt on full standby (no P or I payments until SBA loan paid in full)
- Cash not borrowed (from business balance sheet or other source)
- Cash from personal loan (demonstrate repayment from source other than cash flow of business or owner's salary)
- Grants with no repayment or claw back provisions
- Assets other than cash:
  - Appraisal or valuation by 3rd party required if appraisal of fixed assets > than NBV.
  - Valuation of fixed assets as part of business valuation will not meet requirement.
- Prepaid expenses verified through paid invoices, cancelled checks, or bank statements. Must retain documentation in file.

80 7(a) and Express Collateral Requirements

Loan Amount	Collateral Requirement – Always follow Personal Guarantee requirements
7(a) & Express loans <= $50,000	1) Not required to take any collateral.
Express loans > $50,000	1) Lender **must** follow written collateral policies & procedures it has established for similarly-sized non-SBA commercial loans.
7(a) Loans > $50,000	1) 1st security interest in any assets acquired, refinanced or improved with loan, EXCEPT • Vehicle if purch price, orderly liquidation appraised/independent value (KBB) <=$10,000 • When loan proceeds will improve assets, junior lien position acceptable if existing debt ineligible for refinance or already on reasonable terms 2) When 50% or more of loan finances working capital, Lender **must** take lien on fixed assets until <u>Fully Secured</u>
Additional Requirements for 7(a) Standard Loans	3) Lender **must** collateralize loan to maximum extent possible – i.e. be <u>Fully Secured</u>. 4) Lender **must** take a mortgage on personally owned residential and/or investment real estate when equity position is 25% or greater (LTV 75% or less). 5) If fixed assets of OC & EPC don't fully secure the loan, Lender <u>may</u> secure A/R & INV, advancing no more than 10% of NBV.

7(a) Collateral Concept – "Fully Secured"

Lender has a collateral security interest in all available fixed assets
and
The combined adjusted Net Book Value (NBV) ≥ the SBA loan amount

Liens on personal RE can be limited to:

- Amount of collateral shortfall OR
- 150% of equity in property

Net Book Value =
Asset Original Price
minus
Depreciation & Amortization

Net SBA advance rates:

- New M&E 75% cost
- Used M&E 50% NBV or 80% OLV
- Improved R/E 85% of Market Value
- Unimproved R/E 50% of Market Value
- Furniture & Fixtures 10% NBV or Appraisal
- A/R & INV 10% NBV (optional)

Collateral Appraisals – 7(a) and Express Loans

CRE Appraisal required

- For 7(a) Small and Express loans, if financing transaction between existing owners or family members, or if SBA/Lender concludes appraisal is necessary to evaluate creditworthiness
  - Otherwise, follow requirements of Lender's regulators
- For all CRE on Standard 7(a) loans

Follow FIRREA and USPAP requirements

Appraisals

Must be ordered by the Lender and dated within 12 months of the SBA application date

Appraiser must be

Independent, State-Licensed or Certified (State-Certified if RE value over $1MM); Conflict-free

Required prior to closing

Credit Memo must include estimate of value. If appraisal less than estimate, document loan file with justification per SOP page 138 (for Standard 7(a) loans) or 178 (for 7(a) Small & Express)

83 Environmental Due Diligence – 7(a) and Express Loans

- **Required if 7(a) or Express loan proceeds will acquire, refinance or improve CRE**
- **Flowchart of due diligence required is available here**
- **NAICS Code list of Environmentally Sensitive Industries is available here**
  - If NAICS Code for current use of property is listed, start with Phase I regardless of loan amount
    - Additional requirements for Gas Station, Dry Cleaner, or Child Occupied Facility
  - If NAICS Code for current use of property is NOT listed:
    - Environmental Questionnaire (EQ) if 7(a) or Express loan amount $250,000 or less
    - EQ and Records Search with Risk Assessment (RSRA) if 7(a) or Express loan over $250,000
- **Loan application can be submitted to SBA subject to environmental prior to closing**
- **Environmental reports must be dated within 1 year of issuance of SBA loan number**
  - If property has no contamination, environmental reports no longer require SBA concurrence but are to be retained in Lender's file
  - For property with Contamination or Remediation, see pages 103-107 of SOP 50 10 8 for instructions on how to proceed

84 Personal Guarantees

- **Direct and Indirect Owners (people) of 20% or more:**
  - Must provide unlimited personal guarantee.
- **Direct and Indirect Owners (people) of less than 20%:**
  - Delegated Lender (on Express or PLP loans) or SBA (on GP loans) may require personal guarantee from owners of < 20%.
  - If requiring the personal guarantee, it may be unlimited or limited.
- **Lender (or SBA):**
  - May require others to guarantee; based on control or influence in business.
  - Must obtain PFS from every guarantor.
- **Ownership divestiture to avoid guarantee:**
  - Anyone subject to SBA's guaranty requirements 6 months prior to the SBA application date continue to be subject to SBA's requirements even if that person divested ownership interest to less than 20% (but still has some ownership).
  - The only exception to the 6-month rule is when someone completely divests their interest prior to the date of SBA application. Complete divestiture includes divestiture of all ownership interest and severance of any relationship with the Applicant and/or EPC, in any capacity, including being an employee (paid or unpaid).

85 Other Guarantee Requirements

Spousal Guarantees:

- Each spouse owning less than 20% of applicant business must personally guarantee the loan when their combined ownership is 20% or more.
- For a non-owner spouse, Lender must require the signature of that spouse on the appropriate collateral documents.
  - Guarantee can be Limited to Community Property or Spousal Interest

Corporate & Other Guarantees:

- All entities that own 20% or more of a business applicant must provide an unconditional guarantee.
- If the entity that owns 20% or more of the applicant business is a Trust (irrevocable or revocable), the Trust must guarantee the loan; Trustee will execute the unlimited guarantee on behalf of the Trust.
- If the Trust is revocable, Trustor also provides unlimited personal guarantee.

Life Insurance Requirements – 7(a) and Express Loans

- **7(a) Small and Express Loans:**
  – Lender follows its internal policy for similarly sized non-SBA loans commercial loans
    - If life insurance will be taken, Lender's credit memo to indicate amount of assignment and who it will be required on.
    - Closing documentation to include collateral assignment identifying Lender as Assignee, acknowledged by home office of Insurer.

  – If not requiring life insurance, comment on how this is in accordance with Lender's policy
- **Standard 7(a) Loans:**
  – Life insurance in amount of collateral shortfall (see slide 76 on how to calculate)
    - Required on Principals of Sole Proprietorships, Single Member LLCs, or businesses otherwise dependent on 1 owner's active participation

Overview of SBA Governance

SBA Governance

Law
Small Business Act of 1953

(15 USC 631 et seq.)

CFR
Code of Federal Regulations

Statutory requirements of SBA loan programs are congressionally mandated

SOP
Standard Operating Procedures

SBA's policies and procedures for processing all loan requests under the various programs

Overview of SBA Process

90 7(a) & Express - Lender Responsibilities

1. Conduct eligibility review and credit analysis in accordance with current SOP (Today = 50 10 7.1; starting 6/1/25 = 50 10 8) and then comply with specific program requirements

2. Submit complete loan applications (when necessary, e.g. 7a) to LGPC

3. Maintain complete and accurate SBA loan files

4. Perform credit analysis in prudent and commercially reasonable manner, including proving the loan request has reasonable assurance of repayment

5. Perform required loan monitoring, reporting, and loan reviews as required by SBA

6. And in all cases, comply with SBA requirements in effect at the time of loan application to avoid future loan guaranty repairs or denials

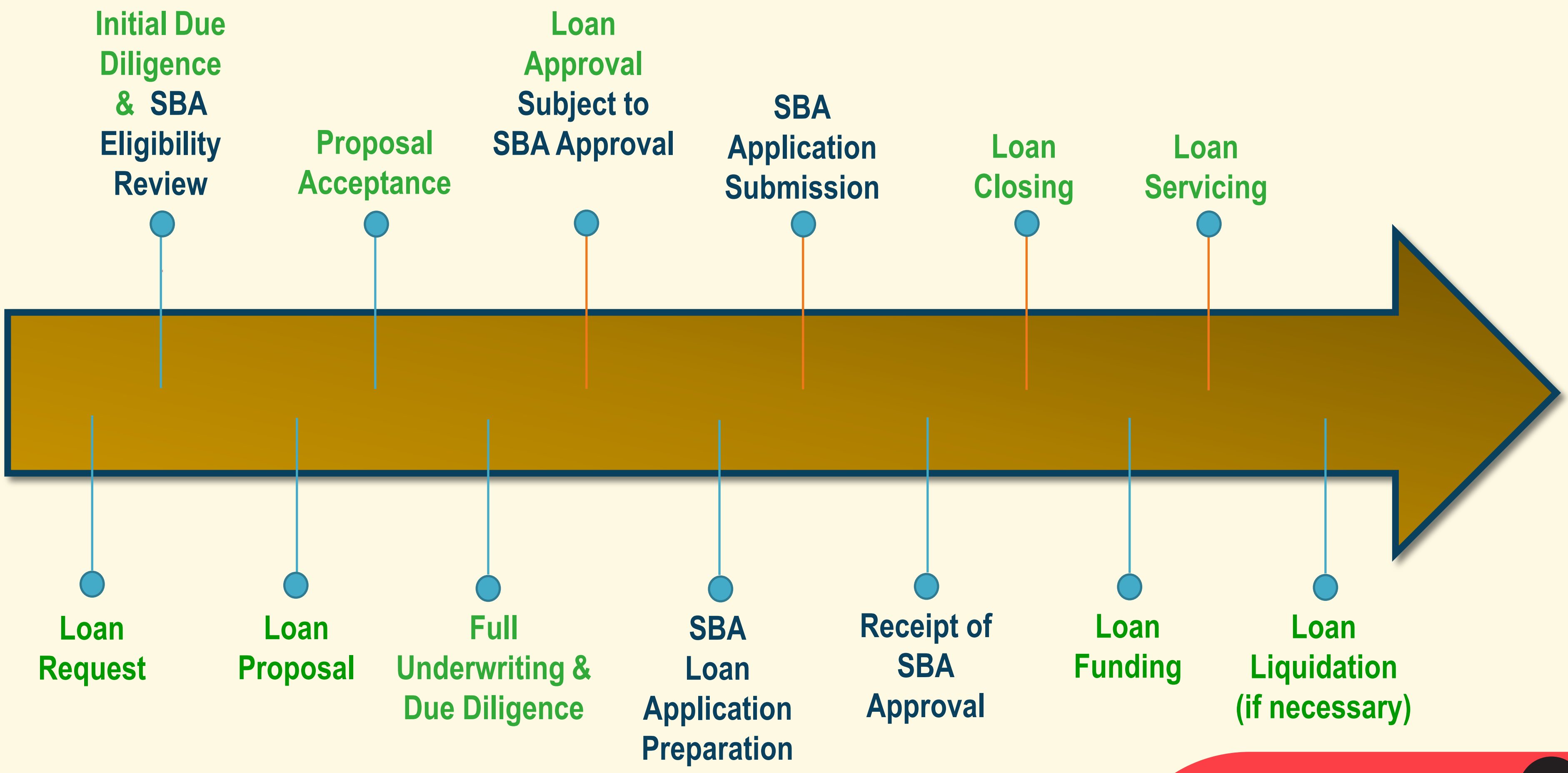
7. Close & disburse using enforceable documentation, service and liquidate loans using prudent practices.

Foundational Principles – 7(a) & Express Lending

SBA loans make access to credit possible for eligible borrowers for eligible uses of proceeds on terms that the Lender could not otherwise provide under its conventional loan policy, which enhances the business' cash flow and/or working capital position(s), while at the same time reducing the Lender's credit risk via a government loan guaranty

1. Lender makes Credit Decision - Subject to SBA guaranty
2. Lender's Capital is at Risk - Guaranty is a credit enhancement
3. 5 C's of Credit apply - Prudent & Commercially Reasonable
4. Deferred Participation - SBA guaranty 'called' at Default
5. Solid Management & Cash Flow - DOESN'T MAKE A BAD LOAN GOOD
6. GREAT loan structuring tool - Borrower has platform for success

SBA & Conventional Lending Process



7(a) GP Loan Approval Process

Lender's Loan Approval "Subject To" SBA Approval

Application Preparation

- Lender uses **internal** resources to determine program eligibility & prepare the SBA application
- Lender **hires an external Lender Service Provider** to determine program eligibility & prepare the SBA application

SBA Approval

- Application submitted via E-Tran
- 1-2 week turnaround for Small Loans with 165+ SBSS
- 2-4 weeks for Standard loans > $500M or SBSS < 165

7(a) PLP & Express Loan Approval Process

Lender's Loan Approval Under Delegated SBA Certification

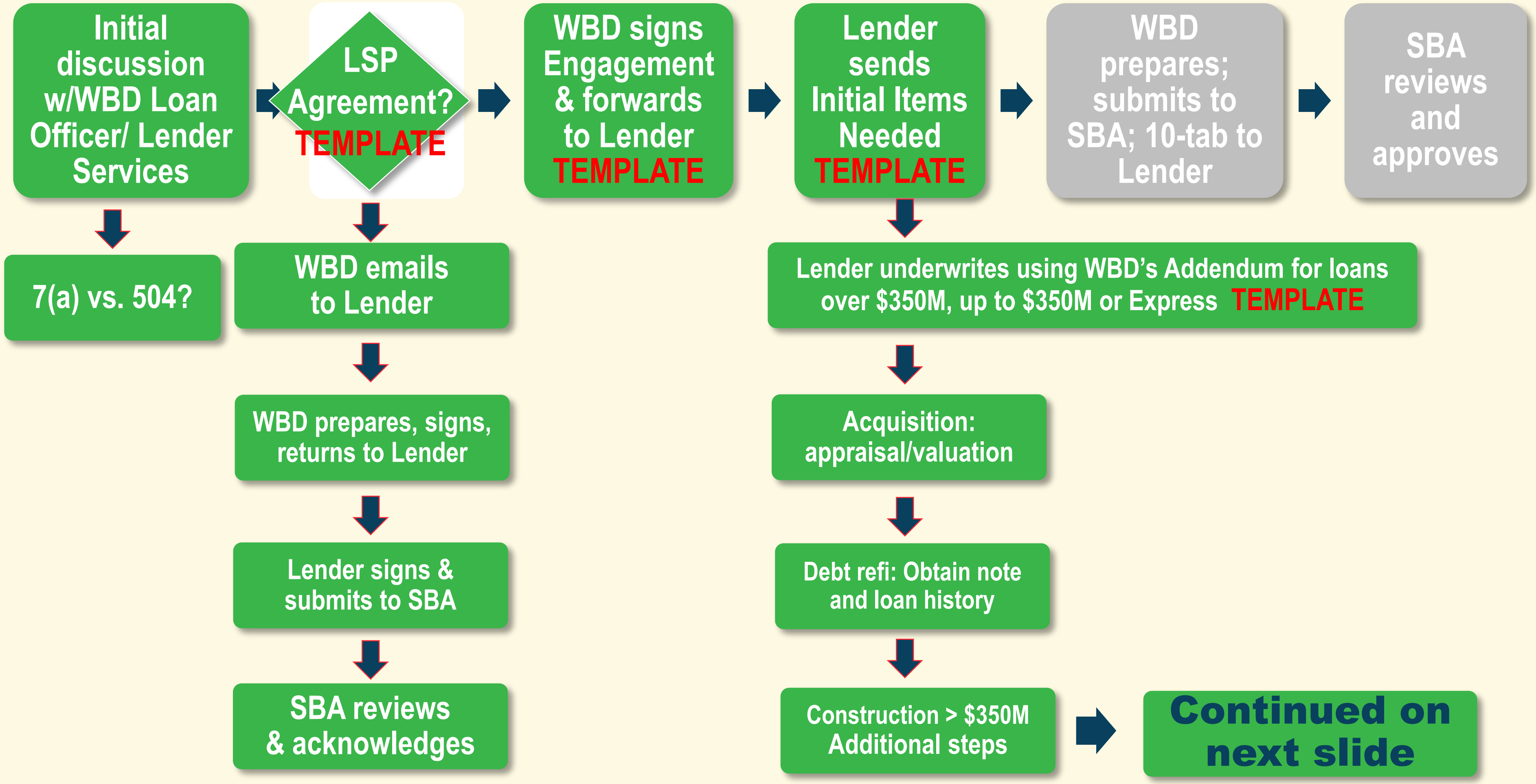
Application Preparation

- Lender uses **internal** resources to determine program eligibility & prepare the SBA application
- Lender **hires an external Lender Service Provider** to determine program eligibility & prepare the SBA application

- Application submitted via E-Tran
- SBA approval issued after 1-2 business day Compliance Check In Etran

SBA Approval

7(a) Application Timeline with WBD



96 7(a) Application Timeline (cont.)

Initial discussion w/WBD Loan Officer/Lender Services → LSP Agreement? → WBD signs Engagement & forwards to Lender → Lender sends Initial Items Needed → WBD prepares; submits to SBA; 10-tab to Lender → SBA reviews and approves

If commercial real estate is collateral:

If NAICS code match: environment Phase 1

If no code match: Environmental RSRA

Appraisal less than 12 months typically take a few weeks

Mortgage on Personal RE required if collateral is short on loans > $350M

Lender or SBA could require life insurance assignment on principal owner(s)

Typical WBD turnaround times:

- 2-3 business days to review initial info
- Up to 1 week from receiving final info to SBA submission

Typical SBA turnaround times:

- 1-2 business days for PLP or Express compliance review
- 1-2 weeks on GP loan up to $350,000 with SBSS >= 165 (includes compliance review)
- 2-4 weeks on GP loan over $350,000 or if SBSS < 165 (includes compliance review)

Scope of Services

- **Customized to align with Lender's process and needs**
- **Topics to consider:**
  - Due diligence items:
    - CAIVRS searches
    - SAM.gov searches
    - IRS transcripts of business tax returns
  - Form 1919 (frequently revised & difficult for borrower to complete; Form 1920 no longer required):
    - WBD can prepare 1919 if borrower completes our Owner/Key Management Form
  - WBD interaction with borrower?
    - We can request info directly from borrower, or we can remain behind the scenes at lender's discretion
    - Conference call with lender & borrower to walk through 7a process
  - Who at bank is involved in process/receives communication?
    - Loan officers, dedicated SBA staff, support staff?
  - Closing assistance – SBA specific forms (detailed on next slide)

98 WBD Closing Assistance

Terms and Conditions document (replace Authorization 8/1/23)

- WBD attaches PDF of all info entered in Etran

Preparation of SBA Closing Forms:

- Form 147 – Note (repayment terms copied from Terms & Conditions doc)
- Form 148 – Guarantee
- Form 722 – Equal Opportunity Poster
- Form 155 – Standby Creditor's Agreement (if applicable)
- Form 1050 – Settlement Sheet (if Lender doesn't have internal disbursement document)
- SBA Borrower's Certification

Review of Lender-Prepared Documentation:

- Any of the above the bank would prefer to prepare
- Collateral documents (mortgage, security agreement, landlord's waiver, life insurance assignment)
- Any other documentation needed for compliance with SBA requirements (evidence of insurance, title/UCC/flood searches, equity injection)

Customized list of Closing and Post-Closing Instructions

- Post-closing document review upon request.

How to move forward with SBA Lending

Steps for Getting Started – 7(a) & Express

- Contact SBA to Enter into 750 Agreement:
  - Eastern half of Wisconsin: Ellie Berg, Lender Relations Specialist, Elvira.Berg@sba.gov or (414) 297-1488
  - Western half of Wisconsin: Chris Dedrick, Lender Relations Specialist, Christena.Dedrick@sba.gov or (608) 441-5560
- Determine Staffing/Support Needs:
  - Internal staff – Plan for keeping them trained
  - Outsourcing – Due diligence for working with a Lender Service Provider
- Policy/Process/Procedures
  - Incorporate SBA loans or create an Addendum
- Prudent Practices
  - Sign up for Updates from SBA – https://www.sba.gov/updates
  - Other resources available:
    - https://www.sba.gov/partners/lenders/7a-loan-program
    - https://www.wbd.org/
    - https://www.naggl.org/default.aspx

How to Become a PLP or SBA Express Lender

- SOP 50 56 1 – Lender Participation Requirements
  - https://www.sba.gov/document/sop-50-56-1-lender-participation-requirements
- Delegated Authority Criteria
  - SOP pages 28 – 31
  - Must be met to apply for PLP or Express status
- Preferred Lenders Program (PLP)
  - SOP pages 31 – 39
  - Lender has processed and fully disbursed at least 10 SBA loans within past 24 months
- SBA Express
  - SOP pages 39 – 44
  - Lender must have at least 20 commercial/business loans for $500,000 or less in its portfolio as of most recent FYE
  - If lender has less than 3 years SBA lending experience, initial term of Express participation will be limited to 1 year or less
- Lender Relations Specialists available to assist

SBA's Top Reasons for Repairs or Denials

- **Lien and Collateral Issues that Result in Missed Recoveries (Generally a Repair)**
  - Failure to obtain required lien position
  - Failure to properly perfect security interest
  - Failure to fully collateralize loan at origination when additional collateral was available

- **Unauthorized Use of Proceeds**
  - Proceeds disbursed for purpose(s) inconsistent with the loan authorization or subsequent modifications without a business justification. (Could be a Denial if early default and improper use of proceeds caused the failure of the business)
  - Same lender Non-SBA loan paid with PLP loan proceeds (preference)

- **Liquidation Deficiencies** (Generally a Repair unless harm is the full value of the outstanding balance)
  - Failure to conduct Site Visit which resulted in missed recoveries
  - Improper safeguarding or disposition of collateral which resulted in missed recoveries
  - Misapplication of recoveries to lender's loan when SBA-guaranteed loan has lien priority

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SBA's Top Reasons for Repairs or Denials (cont)

- **Undocumented Servicing Actions** (Generally a Repair)
  - Liens not properly renewed during servicing on worthwhile collateral
  - Release or subordination of collateral without documented business justification
  - Allowing hazard insurance to lapse on major collateral and collateral was subsequently destroyed
  - Failure to maintain life insurance on principal and principal subsequently dies

- **Early Defaults** (Denial if determined to be reason for business failure)
  - Missing or unsupported verification of required equity injection (includes verification of source in some cases)
  - Missing or unsupported documentation of verification of borrower financial information with IRS when financial information was relied on in lender's credit analysis

- **SBA Loan Eligibility** (Denial)
  - Ineligible franchise
  - Ineligible loan purpose
  - Ineligible loan recipient (loan to an associate of lender)

How to make best use of this conference

Tomorrow's Recommended Sessions if New to SBA Lending

Session 1 (9:15 – 10:30 AM)
- SOP 50 10 Updates – James Keig and Spring Nelson, Jellum Law, P.A.
- Construction in SBA – Ryan Black and Andrew Hendricks, First Business Bank

Session 2 (10:45 AM – Noon)
- 504 Loan Program – Kyle Kuntz, WBD and Wesley Walsh, Business Lending Partners
- SOP 50 57 Update (Servicing & Liquidation) – Lindsay Cremona, Jellum Law, P.A

Session 3 (1:30 – 2:45 PM)
- 504 Case Studies – Kyle Kuntz, WBD and Wesley Walsh, Business Lending Partners
- OCRM 101 (Lender Oversight) – Phil Frechette, SBA

Session 4 (3:00 – 4:15 PM)
- Your choice!

Wrap Up and Questions

Thank You!
Join us for Networking

4:00 – 6:00 PM

Open to all who attended today’s workshop or are registered for tomorrow’s conference

Beer, wine and snacks provided by WBD
Mixed drinks available for purchase