



Rocky Mountain Capital

Robert A. Heffner, Principal
269 West Front Street., Suite E

Missoula, MT 59802

T 406 251 586 1

F 888 251 8191

E rheffner@rockymountaincapital.com

www.rockymountaincapital.com

SBA-Guaranteed 7A Loan Program

Typical Uses:

- (1) Required loan amount exceeds collateral value--need to finance "good will". (For businesses with strong historical debt service coverage ratio, 1.3 : 1 or greater, and positive trends.)
- (2) Borrower requires longer term or lower down payment than are traditionally offered (eg, 10 yrs for business acquisition, 25 years for real estate; 20% down for business acquisition, 10% for real estate).
- (3) Difficult industries, special-purpose properties: child care, assisted living, car washes, grocery stores, taverns, campgrounds, restaurants, motels, rural business properties.

- Purpose:** Term commercial finance for owner-operated small businesses.
- Loan Amounts:** \$350,000 - \$2,000,000 (Minimum applies to RMC. SBA itself has no minimum.)
- Uses of Funds:** Business acquisition; owner-occupied real estate; equipment; refinance; working capital in conjunction with hard assets.
- Key Criteria:** Debt service coverage over 1.2 : 1 (over 1.3 : 1 for business acquisition). Loan to value on real estate: 80%, up to 90% in some cases. LTV on business acquisition: 70% (typically requires 20% down payment and 10% seller note). Good credit history & related-industry ownership/management skills. Real estate: minimum 51% owner-occupied for existing, 60% for new construction.
- Typical Industries:** Retail, wholesale, construction, manufacturing, services
- Major Exclusions:** NO Agricultural finance (farming/ranching should apply to USDA programs)
Residential finance (houses, condos, apartments, trailer courts)
Multi-tenant or rental property (office bldgs, shopping malls; mini-storage)
Non-profit or governmental organizations
Short term or revolving credits (may be included with long-term financing)
Cash out to borrower/principals/family members
Exiting owners must exit 100%; no consulting or employment relations with business sold, beyond 12 months after sale.
- Terms:** Up to 25 yrs, real estate; 10 yrs for business acquisition, equipment, working capital
- Rates:** Floating, at prime + 2.50% to 2.75% (5.75% to 6.00% at prime rate of 3.25%). Adjustable quarterly. **Typical current rate (summer, 2009): 6.00%**
- Conditions:** No balloons; personal guarantee required; no prepay penalties on terms < 15 yrs.
- Fees:** Appraisals, environmental, title, and misc closing costs. \$2,000 processing fee upon application to lender (refundable if declined). No lender points. No SBA guarantee fee. (Formerly 2.6% of loan amount, guarantee fees were waived in the Stimulus Bill; this waiver is expected to continue through 2010.)