

Somercor SBA 7(a) Community Advantage FAQs

What is an SBA 7(a) Community Advantage Loan?

A Community Advantage (CA) loan is a small business federally guaranteed loan that provides you the capital for the purchase of inventory, equipment, buildings or businesses, and making leasehold improvements.

How much can I borrow under the Community Advantage loan program?

Community Advantage offers loans from \$50,000 - \$250,000.

What is the rate and terms?

Community Advantage loans are affordable with a competitive, variable interest rate based on Wall Street Journal prime rate + 3% - 4.5%; 7-year term.

What are the guarantee fees for Community Advantage Loans:

For loans that have a value of \$50,000 to \$150,000, the guarantee fee is 1.70% of the total loan amount.

For loans that have a value of \$150,001 to \$250,000, the guarantee fee is 2.25% of the total loan amount.

What are the eligibility requirements for a business?

An eligible business must be a small for-profit business with a net worth (including any affiliates) of \$15 million or less and fewer than 500 employees.

What business are not eligible?

Since this is a government-sponsored loan program, there are some industries that are ineligible—including adult entertainment, religious organizations, or political activities. For a full list of ineligible industries, visit the SBA's website.

Additionally, here are some red flags and could make your business ineligible for the loan:

- Businesses that are delinquent on any existing debt obligations to the U.S. government (e.g. an SBA guaranteed loan).
- Poor personal credit, poor personal character, SBA 912 issues.
- Incomplete tax returns
- Non-owner-occupied real estate, apartments and rental property, developers.
- Industry – pyramid schemes, gambling, speculative businesses, private clubs.
- Arrearages or in default on child support, payroll taxes, SBA or other CDFI obligations.
- Revenues do not demonstrate the ability to service the debt.
- Assumptions of SBA loans at other institutions.
- Life Insurance Companies (Some Life Insurance Agents may be eligible).

What can the funds be used for?

The loan can be used to:

- Finance increased receivables and augment working capital, or inventory.

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- Expand or modernize facilities, purchase machinery, equipment, fixtures, and leasehold improvements.
- Purchase, new, existing commercial buildings (owner-occupied).
- Assist in the acquisition, operation or expansion of an existing business.
- Refinance existing business debt such as merchant cash advances, high interest credit cards, or factoring contracts.
- Purchase commercial vehicles

Are there any loan requirements?

Yes - collateral required, as available, up to the loan amount. Also, a personal guaranty of all owners with 20% or greater ownership in the business is required.

Are there any lender requirements?

Yes - 60 percent of the loans must be in underserved markets.

Are there any fees?

Yes – There is a guaranty fee and a \$500 non-refundable application fee that gets credited back during the closing.

Tell me about the loan process.

We've simplified the process into 5 steps:

1. Applicant completes pre-qualification scoring form
2. Qualified applicant - Submit complete loan application package
3. Somercor underwrites for SBA eligibility (1-3 weeks)
4. Submission to the SBA for approval (3-5 business days)
5. Close and fund Loan (2-3 weeks)

What will I need to provide when I apply?

Here are the items that are required to start the loan process:

- Last three years of federal business tax returns (IRS 1120, 1120S, 1065, etc.) – signed and dated
- Last two years federal tax returns for all affiliate business (if applicable) – signed and dated
- Recent interim financial statement, applicant business (within 90 days) – signed and dated
- Schedule of existing company debt (credit, date, balance, payment, maturity)
- One-year projected Profit and Loss statement with a written explanation as to how you expect to achieve this projection
- Joint personal financial statement of each principle (within 90 days)
- SBA personal history statement for each principle
- Last year, personal federal tax returns (IRS 1040) for each principle – signed and dated
- Resume or CV for each principle
- Copies of driver's licenses, all 20% owners

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- If you answered “yes” to any of the character assessment questions on page one of the application, please include letter of explanation and attach relevant details.

How long does it take to receive an approval?

Most Community Advantage loans will be approved within 2-4 weeks of receipt of completed application package.

What hours is someone available to answer my questions?

8:30am – 5:00pm

Ready to get started? Go to our [site](#) and start the inquiry process today!