



# Demystifying SBA 7A Loans

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**What Is an SBA 7(a) Loan?**



## SBA 7(a) Loans: How They Can Help Your Small Business Succeed

Finding the right funding solutions for your small business can be challenging. Small Business Administration 7(a) loans offer low interest rates and fixed-rate or variable-rate options.

A 7(a) loan can be used for a wide variety of business purposes, including equipment, the purchase of new properties, working capital and for other operating expenses. An SBA 7(a) loan can provide your company with much-needed financial flexibility that can create a solid foundation for future success. Understanding the SBA 7(a) process can help your small business to access necessary funds at reasonable interest rates. This guide will offer answers and insights into some of the most common questions borrowers ask about SBA 7(a) loans:

- What is a SBA 7(a) loan?
- How do I apply for a SBA 7(a) loan?
- How are SBA 7(a) loan rates determined?
- Where can I find SBA 7(a) loan lenders?
- What are common SBA 7(a) loan terms?
- What are the SBA 7(a) loan requirements?
- What is the most accepted SBA 7(a) loan definition?

First Bank of the Lake offers flexible funding for [SBA small business loans](#). Working with a trusted lender to provide funding for your 7(a) loan is the best way to navigate the requirements of these loans and to achieve greater success in your business operations now and for years into the future.

### What Is an SBA 7(a) Loan?

The Small Business Administration (SBA) offers a variety of programs designed to assist small businesses in the United States. The 7(a) loan program is the primary method used by the SBA to provide funding for small businesses. These small business loans offer greater flexibility in how they can be used compared to [SBA 504 loans](#). This added flexibility can be a valuable advantage for companies looking for funds for managing operating expenses as well as for major acquisitions of property and equipment. Because every small business and borrower is different, there is no single SBA 7(a) loan definition that applies to every case. In general, borrowers must meet SBA 7(a) requirements to qualify for these loans. A few factors that may determine the SBA 7(a) loan rates are the size of the loan and whether the rate is fixed or variable. SBA 7(a) loan terms, such as the loan maturity, vary depending on the use of proceeds and the borrower's ability to repay.

## How Do 7(a) Loans Work?

Unlike SBA 504 loans, an SBA 7(a) loan does not require a Certified Development Corporation (CDC). The SBA does not lend money to small businesses directly. Instead, it guarantees a portion of the loan to increase the chance that SBA 7(a) lenders will provide funds for these loans. The lender negotiates the SBA 7(a) loan rate with the borrower, subject to SBA's maximum allowable 7(a) loan rates. 7(a) lenders work with the SBA to determine what percentage of the loan can be guaranteed by the government agency. For loans up to \$150,000, the SBA can guarantee 85 percent of the loan. A 7(a) SBA loan that is over \$150,000 is eligible for a 75-percent guarantee from the SBA. The process to apply for an SBA 7(a) loan involves the following steps:

- The first step for most borrowers is to find SBA 7(a) loan lenders who are qualified to fund these types of loans.
- The borrower will be asked to submit a SBA 7(a) loan application and supporting paperwork to verify their income, business operations and other aspects of their small business.
- 7(a) lenders will determine if the borrower meets minimum SBA 7(a) loan requirements.
- 7(a) lenders will work with the borrower to determine their needs and qualifications for a 7(a) loan. The lender will also set the interest rate using the guidelines provided by the SBA 7(a) loan program and published by the Small Business Administration.
- Once the borrower is approved for a SBA 7(a) loan, funding and disbursement will be processed by the SBA 7(a) lender.

Understanding how to apply for an SBA 7(a) loan can help borrowers access the funds they need while enjoying the benefits of low SBA 7(a) loan rates. By choosing a Small Business Administration 7(a) loan, small business owners have improved access to the financing and resources necessary for effectively expanding and growing their businesses. The right 7(a) lenders can provide support throughout the process, including guidance on how to apply for an SBA 7(a) loan and information on general SBA 7(a) requirements. We can walk you through the [best SBA loan options](#) for your specific situation.

## What Can 7(a) Loans Be Used for?

SBA 7(a) loans can be used for a wide range of business-related purchases and activities, including the following:

- Acquiring real estate: A 7(a) loan can be used to purchase buildings or unimproved real estate to be used for business purposes.
- Improving real estate holdings: Upgrading or renovating your current business premises is also an allowable use for SBA 7(a) funds.
- Purchasing equipment: 7(a) loans can be used to purchase new or used equipment for your business operations.
- Purchase an existing business or expand your business: If you are looking to expand your business or own your first business, an SBA 7(a) loan may be just right for you.
- Updating technology for your business: Staying current with technological developments can be a costly endeavor. A 7(a) loan can be used to update or acquire software or hardware to assist in your business activities.
- New construction and tenant improvements: The funds can be used for small or extensive tenant improvements or construction to a business property.
- Refinancing your current business debt: 7(a) loans can be used to refinance existing business debt at a lower rate or with more favorable repayment terms and conditions. This can often provide some valuable financial breathing room for small businesses.
- Onboarding and training for new staff members: SBA 7(a) funds can also be used to hire and train new employees for your business enterprises.
- Purchasing fixtures and furnishings: Furnishing your office spaces and making sure that they are functional and attractive can be part of the ongoing success of your business. A 7(a) loan could be a useful option for acquiring these necessities for your company.
- Working Capital: Part of the loan proceeds may be applied for working capital with a 7(a) loan.
- Any combination of these activities: Your SBA 7(a) loan can be used to fund more than one type of business activity. A 7(a) loan is a great option for small businesses that can combine multiple funding needs into a single, generally lower cost lending package.

Details of the terms of SBA 7(a) loans are available online through the Small Business Administration website. If you are planning to apply for a SBA 7(a) loan, this online resource can provide you with detailed information on 7(a) loan requirements and how to apply for a SBA 7(a) loan.





## How to Get a 7(a) Loan



## How to Get a 7(a) Loan

Understanding how to apply for a SBA 7(a) loan can increase your chance of success in acquiring funding through the 7(a) loan program. A few added steps can often make a big difference in how SBA 7(a) loan lenders regard your application and on your ability to qualify when you apply for a [SBA 7\(a\) loan](#):

- **Gather your paperwork in advance:** When figuring out how to get a SBA 7(a) loan, you will need to go over your company's documentation to ensure that it is all in order. As part of the Small Business Administration 7(a) loan application, review, and approval process, your lender will request various personal and business financial information to determine your business' qualifications. By making sure all of this paperwork is in place and correct, you will be able to streamline the application, review, and approval processes for SBA 7(a) requirements.
- **Clean up your credit report:** A healthy credit score is an important element in qualifying for the SBA 7(a) loan program. Lenders who work with the Small Business Administration 7(a) program can factor in consumer credit bureau data, borrower financials, and application data. Taking a little time to clean up any errors or problems with your credit score can go a long way toward meeting the expectations of 7(a) lenders.
- **Reduce debt-to-income ratio:** While it may not always be possible for small business owners to pay down debt before making an application to the SBA 7(a) loan program, doing so can often increase the chance of obtaining a loan from SBA 7(a) loan lenders. Putting off your SBA 7(a) loan application until you can reduce the amount owed to other creditors may be the best way to impress SBA 7(a) lenders with your ability to repay your 7(a) loan.
- **Build a better business plan:** You may need to submit your business plan as part of your SBA 7(a) loan application. Making sure this key document is as accurate and appealing as possible can help you impress SBA 7(a) lenders who may be interested in funding your small business.
- **Update your financial statements:** Making sure your financials are in order before applying will help streamline your application process with SBA 7(a) loan lenders. Whether using a CPA or accounting software, make sure your financial reporting is current and accurate.
- **Select the right lender:** SBA 7(a) loan lenders vary significantly in their tolerance to risk and the support they provide for their customers. By partnering with SBA 7(a) lenders who can offer guidance on obtaining a 7(a) loan and insights into the SBA 7(a) loan program, a borrower can increase the likelihood of success in applying for these government-backed loans.



## Pros and Cons of SBA 7(a) Loans

SBA 7(a) loan terms and interest rates are often better than or comparable to those available from traditional lenders. Some of the most important pros and cons of these loans are listed here.

### Pros of 7(a) Loans

- May be easier to qualify than some traditional loans: Because SBA guarantees a portion of the loan, lenders may be more willing to approve loans that would not otherwise receive funding. For example, one of the main reasons lenders use the SBA 7(a) loan program is it allows access to credit for borrowers that demonstrate repayment ability but lack adequate collateral to repay the loan in full in the event of default.
- Low interest rates: For most small business borrowers, the interest rates for SBA 7(a) loans are lower than those available in the commercial lending marketplace. This is one of the best reasons to consider an SBA 7(a) loan for your business funding needs.
- Longer repayment terms: With repayment terms up to 25 years, SBA 7(a) loans offer superior flexibility for companies looking for financing.

### Cons of 7(a) Loans

- Equity: If the collateral is insufficient, the SBA may require the 7(a) lender to use the available equity in the personal real estate of any business owners with 20% or more ownership, as well as any guarantors.
- Requires good credit score: Companies that have had credit difficulties in the past may find it difficult to qualify for SBA 7(a) loans.
- Approval times can be lengthy: Unless you opt for an SBA Preferred Lender, you may experience long wait times for approval and disbursement of your funds.

## SBA 504 vs 7(a) vs Conventional Loans

SBA 504 loans are designed for the purchase of large-scale capital assets that include equipment and real estate. By contrast, 7(a) loans are available for a wider range of business funding needs. Typically offering lower interest rates and more favorable repayment terms than conventional loans, SBA 7(a) loans offer flexibility. Choosing the suitable option for your small business hinges on factors such as your credit score, the purpose of the funds, and your company's eligibility for SBA lending programs.



**SBA 7(a) Eligibility**



## What Are the Eligibility Requirements for 7(a) Loans?

Before you apply for a SBA 7(a) loan, you should go over the SBA 7(a) loan requirements. Some of the most important SBA 7(a) requirements are listed here:

- Must be located in the United States
- Must meet the SBA definition of a small business
- Must be operating legally
- Must be a for-profit business
- Must demonstrate the ability to repay the loan
- Must show that the funding needed cannot be obtained on reasonable terms through other lenders
- Must have an acceptable credit history or credit score both for the business and for owners of the small business
- Must not be an ineligible business as outlined in the Code of Federal Regulations Title 13, Chapter I, Part 120. See below for more details.

Even for businesses that meet all current SBA 7(a) loan requirements, SBA 7(a) lenders have different risk appetites. Additionally, the SBA 7(a) loan rate may be higher for borrowers with poor personal or business credit history. Some borrowers will fail to qualify for SBA 7(a) loans based on past negative activity on their credit reports. Finding the best SBA 7(a) lenders for your small business can allow you to enjoy the benefits of this government-backed loan program with greater confidence.

## Businesses That Are Ineligible for SBA 7(a) Loans

Certain types of small businesses are ineligible to apply for a SBA 7(a) loan regardless of their size or credit rating. The following types of businesses cannot qualify for SBA 7(a) funding options:

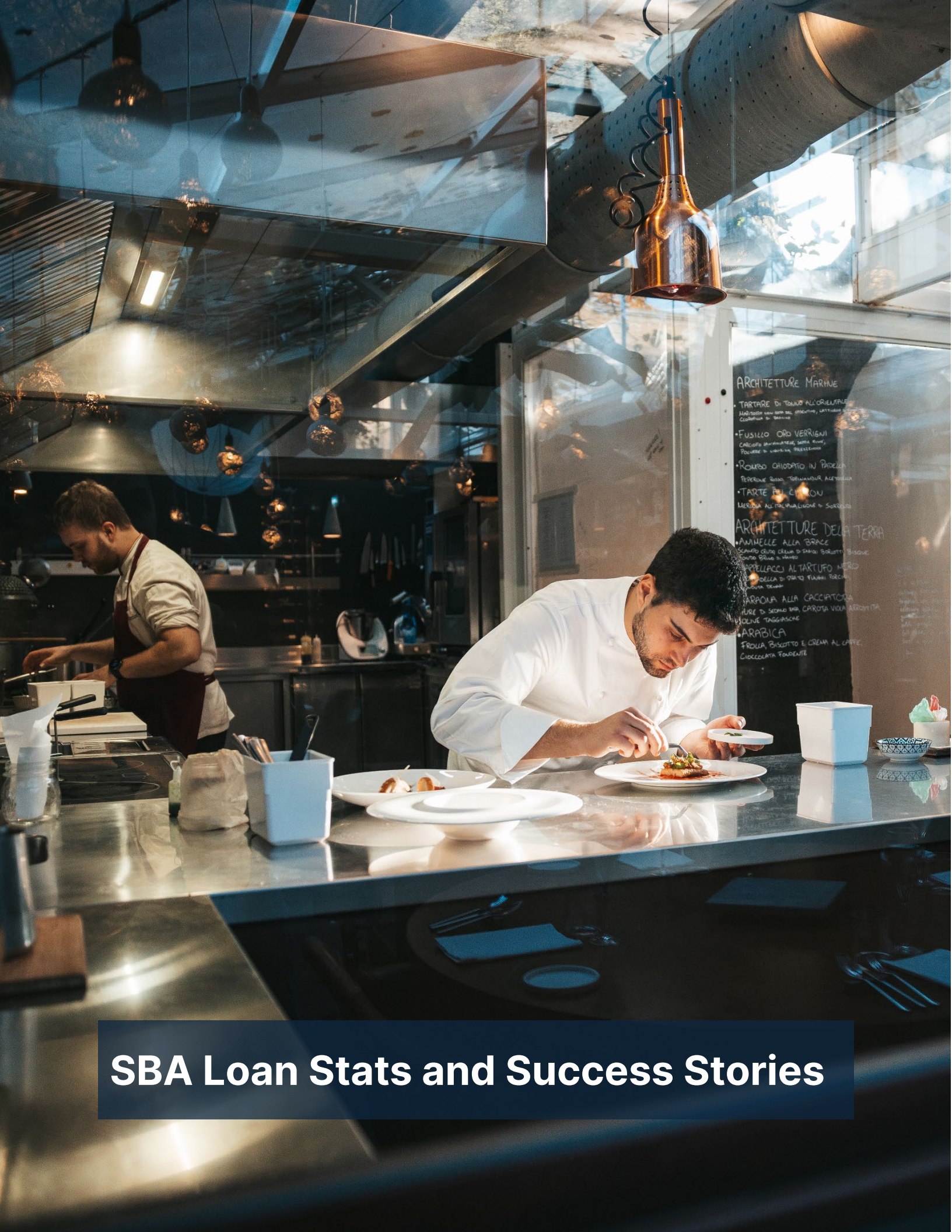
- Not-for-profit businesses
- Lending companies, including banks, finance companies and factors
- Most passive businesses
- Companies that derive more than one-third of their annual gross revenues for the prior year from legal gambling
- Businesses that are engaged in illegal activity
- Life insurance companies
- Companies not located in the United States
- Speculative businesses, including oil wildcatting
- Those engaged in political or lobbying activities
- Businesses that have previously defaulted on a loan from the U.S. government
- The production or sale of pornography
- Businesses using pyramid sales distribution plans

In general, SBA 7(a) loan requirements rule out eligibility for businesses that participate in any of these activities.

## Key Qualifications and SBA 7(a) Loan Requirements

What does it take to qualify for a SBA 7(a) loan? Although your tangible net worth, including affiliates, may not exceed \$15 million and your average net income, including affiliates, must be under \$5 million after Federal income taxes for the two full fiscal years before your SBA 7(a) loan application, demonstrating that your company has consistent revenue streams and manages its funds well can go a long way toward ensuring a positive outcome for your SBA loan application.





ARCHITETTURE MARINE

- TARTARE DI TONNO ALL'ORIENTALE
- FUSILLO ORO VERRIGNI
- ROMBO CHIODATO IN PASTELLA
- TARTE AU CHOCOLAT

ARCHITETTURE DELLA TERRA

- ANANAS ALLA BRASSA
- PIZZA AL TARTUFO NERO
- ARABICA

# SBA Loan Stats and Success Stories



## Some Key Stats on the SBA 7(a) Loan Program

The SBA 7(a) loan program is named after Section 7(a) of the Small Business Act of 1953. Today, the program serves small businesses throughout the United States and offers relatively low-interest options for those who can meet SBA 7(a) loan requirements. Some of the most recent and relevant statistics on SBA 7(a) loans are listed here:

- The SBA issued \$27.5 billion in 7(a) loans in fiscal year 2023.
- During this time period, more than one-fourth of the funding issued by the SBA under the 7(a) loan program went to female-owned businesses.
- In fiscal year 2023, more than 57,000 SBA 7(a) loan applications were received and approved by the agency.
- The average amount for an approved SBA 7(a) loan application during that time was \$479,685.

## SBA 7(a) Success Stories

The 7(a) loan program has provided funding for some of the most successful companies in the United States. Here are some of the better known SBA 7(a) success stories:

- Cerner Corporation: Based in Kansas City, Missouri, Cerner Corporation is an undisputed leader in the medical system design field. The company received a 7(a) loan for \$200,000 to kick-start its success.
- Ruiz Foods: The producer of well-known frozen food brands El Monterey and Tornados, Ruiz Foods out of Dinuba, California, qualified for and received 7(a) loans amounting to \$275,000.
- Allen Edmonds Shoe Corporation: Based in Port Washington, Wisconsin, Allen Edmonds is a rare company that still domestically manufactures the shoes they sell. The company attributes some of its success to 7(a) SBA loans amounting to more than \$2 million.





## SBA 7(a) Loan Types

## SBA 7(a) Loan Types

7(a) Loans	
Maximum Loan Amount	\$5 million
Percent of Guaranty	85% guaranty for loans of \$150,000 or less; 75% guaranty for loans greater than \$150,000 (up to \$3.75M maximum guaranty)
Eligible Use of Proceeds	Term Loan. Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, leasehold improvements; working capital; refinance debt for compelling reasons; for inventory or starting or purchasing a business. Only owner-occupied commercial real estate is eligible.
Maturity	Depends on ability to repay. Generally, working capital not to exceed 10 years; Equipment, fixtures, or furniture not to exceed 10 years. Except term may be up to 15 years if IRS asset class useful life supports longer term. Lender must document in credit memo justification of any term that exceeds 10 years; real estate up to 25 years. No balloons or demand features permitted.
Maximum Interest Rates	Effective Jan. 1, 2025 \$50,000 or less Prime + 6.5% \$50,001 - \$250,000 Prime + 6% \$250,001 - \$350,000 Prime + 4.50% \$350,001 and greater Prime + 3%
Who Qualifies	Must be a for-profit business & meet SBA size standards; show good character, credit, management, and ability to repay. Must be an eligible type of business.  Prepayment penalty for loans with maturities of 15 years or more if prepaid during first 3 years. (5% year 1, 3% year 2 and 1% year 3)
Benefits to Borrowers	Long-term financing; Improved cash flow; Fixed maturity; No balloons; No prepayment penalty (under 15 years)



### 7(a) Small Loans Is any 7(a) loan \$500,000 and under, except the Community Advantage and Express loans

Maximum Loan Amount	\$500,000
Percent of Guaranty	Same as 7(a) Loans
Eligible Use of Proceeds	Same as 7(a) Loans
Maturity	Same as 7(a) Loans
Maximum Interest Rates	Same as 7(a) Loans
Who Qualifies	Same as 7(a) Plus, all loan applications will be credit scored by SBA. If not an acceptable score, the loan can be submitted via full standard 7(a) or Express.
Benefits to Borrowers	Same as 7(a) Loans

### SBA Express

Maximum Loan Amount	\$500,000
Percent of Guaranty	50% regardless of loan amount.
Eligible Use of Proceeds	May be used for revolving lines of credit (must have term-out period not less than draw period) or for a term loan.
Maturity	LOC: Max period Revolver = 60 mo.; Max term out period = 60 mo. For total of 10 yrs. Term loan: same as 7(a)
Maximum Interest Rates	Same as 7(a) Loans
Who Qualifies	Same as 7(a) Loans
Benefits to Borrowers	Fast turnaround; Streamlined process; Easy-to-use line of credit

Borrowers can choose from several SBA 7(a) loan types when applying for funding through SBA 7(a) lenders. Some of the top SBA 7(a) programs are explained here:

- **7(a) Standard Loans:** As one of the most common of the SBA 7(a) loan types, this program offers 85-percent guarantees for loans of \$150,000 or less and 75-percent guarantees from SBA for loans over \$150,000 and up to \$5 million and allows for a wide range of eligible use of proceeds.
- **7(a) Small Loans:** 7(a) lenders also offer small loans of \$500,000 and under. The percentages guaranteed by the SBA to 7(a) lenders is the same as for standard 7(a) loans. SBA 7(a) requirements may be more streamlined under a 7(a) small loan program.
- **7(a) Express Loans:** The SBA Express Loan program features a maximum loan amount of \$500,000 with a 50-percent guarantee provided by the SBA. Revolving lines of credit may be available for up to five years of a 10-year overall duration. 7(a) lenders decide whether borrowers qualify for these 7(a) loans.

Other SBA 7(a) programs include the Export Working Capital Program, 7(a) International Loans, and CAPLines. Pilot loan programs have also been introduced by the SBA and 7(a) lenders to assist small businesses located in depressed or underserved markets. Also known as Community Advantage loans, these SBA 7(a) loan programs expired in September of 2023.





# SBA 7(a) Loans and Lenders



## SBA 7(a) Loans for Every Need

Our loan team works with small businesses in a wide array of industries, including the following:

- SBA 7(a) & 504 Loans for Veterans: [Veteran business loans](#) are a special priority for our team. We work hard to deliver the right solutions for those who have served our country and are now building their businesses here at home. Our veterans loan group is composed entirely of veterans.
- 7(a) Loans for [Professional Services](#): These 7(a) loans for service companies include, but are not limited to: insurance firms, accounting firms, software and technical firms, law practices, engineering companies and architects.
- [Medical Practice 7\(a\) Loans](#): This includes chiropractors, medical facilities and other healthcare companies which can often benefit from 7(a) loans provided by an SBA Preferred Lender. We have deep experience delivering the right solutions for healthcare practices in need of funding from real estate to working capital.
- 7(a) Loans for Dental Practices: [Dental firms](#) can also enjoy easier access to SBA 7(a) loan funding through our bank as it's an area of focus.
- 7(a) Franchise Loans: They can be used to [manage franchise purchases](#) and some franchising costs for our customers. We are one of the largest 7(a) franchise loan providers in the US.
- 7(a) Loans for [Manufacturing](#) and Exporting Firms: These companies can often need more capital to grow their businesses. We can provide SBA 7(a) loans for US exporters and manufacturers for working capital, equipment, real estate and many other expenses.
- 7(a) loans for [Senior Care](#) and Skilled Nursing 7(a) Loans: This includes funding for adding and training staff and expanding services to new areas. We can help with practical financial solutions that include SBA 7(a) loans.
- 7(a) Loans for [Real Estate](#): Real Estate requires the right financing partner. Our team knows the commercial real estate marketplace and the construction industry inside and out, which can allow you to enjoy greater confidence when working with us.

## Navigating the SBA 7(a) Loan Process

Applying for a loan with the SBA can be stressful for some small business owners. The process can sometimes be drawn out and slow. However, by following these steps, you can often achieve the best possible results when working with 7(a) lenders to qualify for these funding options:

- Visit the SBA website: To learn more about SBA 7(a) loan terms and conditions, visit the SBA website to learn more about their full lineup of loans and to learn whether 7(a) loans are a viable option for your small business.
- Determine the size of your down payment: Understanding the various SBA 7(a) loan requirements for down payments can help you avoid unpleasant surprises later on in the process. Before you apply, make sure you have at least 10 percent of the amount you need



to borrow. This is especially true if you are planning a major acquisition or are a start-up business.

- **Decide what the funds will be used for:** You will need to provide detailed information on what you plan to do with your 7(a) loan funds to your lender.
- **Check your credit report:** Small problems or mistakes on your credit report could trigger increases in the interest rate you are offered for your 7(a) loan. Correcting these mistakes before you apply can often save you money that can be used for other vital business activities.
- **Monitor the prime rate:** Since interest rates for SBA 7(a) loans are based on the prime rate, keeping an eye on fluctuations in the prime rate can allow your business to take advantage of lower rates when they occur. This is especially important for fixed-rate SBA 7(a) loans.
- **Select a lender:** The right lender can make a significant difference in the borrowing experience for you and your company. Choosing an SBA Preferred Lender like First Bank of the Lake can streamline the application and approval process. This can significantly reduce the time it takes from application to disbursement of funds for approved loans, because SBA Preferred Lenders have the ability to approve loans without waiting for SBA approval.
- **Gather your paperwork:** You will need to submit income tax returns, resumes for the business owners, a short history of your business, financial statements for your business, licensing or certification information, financial statements and any other documents relevant to your company's ability to repay.
- **Apply for your loan:** SBA Form 1919 is the required application form that must be submitted to your lender to begin the process. Include any required paperwork and documentation with your Form 1919 application.
- **Wait for approval:** Approval times are often significantly shorter for loans requested through SBA Preferred Lenders. The time frame is significantly shorter with First Bank of the Lake loans below \$150,000 and can take as little as 7 business days from application to disbursement.
- **Close on your loan:** Once your 7(a) loan has been approved, your lender will set up a meeting to close on the loan. This will include securing any collateral, receiving any required down payment and drawing up all necessary loan documents. Once this process is complete, your lender will disburse your funds to your small business.

## What Happens if a Business Cannot Repay the SBA 7(a) Loan?

Defaulting on an SBA 7(a) loan has serious repercussions that may include late fees, damage to your credit report, collection activities by the lender, the SBA or both, and the inability to borrow through a government-backed program in the future. Working with your 7(a) lender can allow you to find solutions for your financial situation that can ensure the best outcomes for your business, your employees and your future success.

## What Are SBA Preferred Lenders?

An SBA Preferred Lender has been vetted by the Small Business Administration and has been found reliable and trustworthy. SBA Preferred Lenders have a proven track record of success and dependability in making decisions about approving SBA loans and servicing them effectively. Because of this history of reliability, the SBA allows SBA Preferred Lenders to make lending decisions on their behalf. This can reduce the time needed to receive approval for your SBA 7(a) loan. First Bank of the Lake is proud to be a trusted SBA Preferred 7(a) Lender. We work with borrowers to help them understand their lending options and to provide support throughout the life of their loans.

## What to Look for in a Lender for Your SBA 7(a) Loan

Choosing the right lender for your 7(a) loan can be challenging. Your SBA lender should demonstrate some key characteristics to ensure that you have a positive experience. Some of the most important things to look for when choosing a lender for your SBA 7(a) loan are listed here:

- Flexibility can go a long way toward making your SBA 7(a) loan experience easier.
- Dependability is also key to your success in navigating your SBA loan.
- Your lender should maintain open lines of communication to keep you informed about your loan's status and repayment options.
- You should feel welcome to contact your lender with any questions you may have throughout the duration of your loan.

At First Bank of the Lake, our first priority is serving the needs of our customers. We work with your company to find the right SBA 7(a) lending solutions for your needs. Our team is here to help you manage all aspects of your financial situation to create a brighter future for your small business enterprise.





## SBA 7(a) Loan Terms

## Understanding SBA 7(a) Loan Rates

Your SBA 7(a) loan interest rate will determine the overall amount you will pay over the duration of your loan. As a result, your SBA 7(a) loan rate is one of the most important determinants of how much you will pay for your SBA 7(a) loan. The maximum amounts allowed for fixed or variable SBA 7(a) loan rates are posted by the SBA. Currently, the maximum SBA 7(a) loan rates allowed range from Prime plus 3% to Prime plus 6.5%, depending on the loan amount. Your lender will look at current SBA 7(a) loan rates and factor in the risk associated with your Small Business Administration 7(a) loan. In general, however, lenders cannot exceed the maximum SBA 7(a) loan rate established by the Small Business Administration 7(a) program. By working with [the best 7\(a\) lenders](#), you can find the right SBA 7(a) loan terms and SBA 7(a) loan rates for your unique business situation.

## SBA 7(a) Loan Terms

Understanding how a 7(a) loan works can allow small business owners to determine if a SBA 7(a) loan is the right choice for their business' needs. These terms generally apply to SBA 7(a) loans:

- Small business owners who qualify can borrow up to a maximum of \$5 million.
- A guarantee fee set by the lender using SBA guidelines will be assessed.
- Both fixed-rate and variable-rate options are available for SBA 7(a) loans. In both cases, SBA 7(a) loan rates are competitive. The SBA sets maximum interest rates and publishes them online. Smaller loans usually require higher SBA 7(a) loan rates than larger 7(a) loans.
- 7(a) lenders may charge reasonable fees for packaging and other services. However, the borrower may not be charged for the same service by two different entities.
- The 7(a) lender is required to advise the borrower that they are not required to obtain or pay for unwanted services.
- Balloon payments are not allowed on SBA 7(a) loans.
- Repayment terms for most 7(a) loans must not exceed 10 years. A few other scenarios, including real estate loans, the repayment time frame must not extend past 25 years.
- A personal guarantee from all owners with a stake of more than 20 percent is also required for SBA 7(a) loans.

If you are considering a Small Business Administration 7(a) loan, understanding the allowable uses of these funds can help you determine if a 7(a) loan is the right option for you and your business.

## What Are the SBA 7(a) Loan Limits and Maximum Amounts?

For SBA 7(a) loans, the maximum amount you can borrow is \$5 million. Most small business borrowers, however, will not qualify for amounts that high. Applying for a 7(a) loan that is correctly sized to meet your needs without overburdening your company with debt is essential to maintain your success and growth in the competitive marketplace.





**First Bank of the Lake**

## Why Choose First Bank of the Lake?

As an SBA 7(a) Preferred Lender, First Bank of the Lake has built its reputation on putting the customer first. We were in the top one percent of banks that participated in the SBA 7(a) loan program in the United States and processed more than \$600 million in loans in 2024. Our team has the experience and the expertise necessary to navigate the 7(a) loan process on your behalf. We handle all aspects of your loan so that you can relax and focus on generating profits for your business. Our SBA 7(a) loan team specializes in creative solutions for financial situations. We can offer proven tips for financial success that can help you qualify for an SBA loan or other solution through our institution. We are here to help you make the most of your small business with proven solutions from a trusted financial partner. We offer veteran discounts and work not only to serve our customers but to make communities better and stronger across the United States.

## About First Bank of the Lake

First Bank of the Lake, [founded in October 1985](#), has built a robust nationwide Government Guaranteed Lending program. We are one of the largest and most successful SBA lenders in the United States. Our team takes pride in delivering outstanding customer care for every client we serve. We are located at the Lake of the Ozarks but take a national approach to delivering the best financial services for our valued customers. To apply for a small business loan or to touch base with our team of SBA 7(a) loan experts, [contact us today](#) online or call us at [\(888\) 828-5689](tel:8888285689) to begin your journey to a better financial future. At First Bank of the Lake, we are always here to serve you.

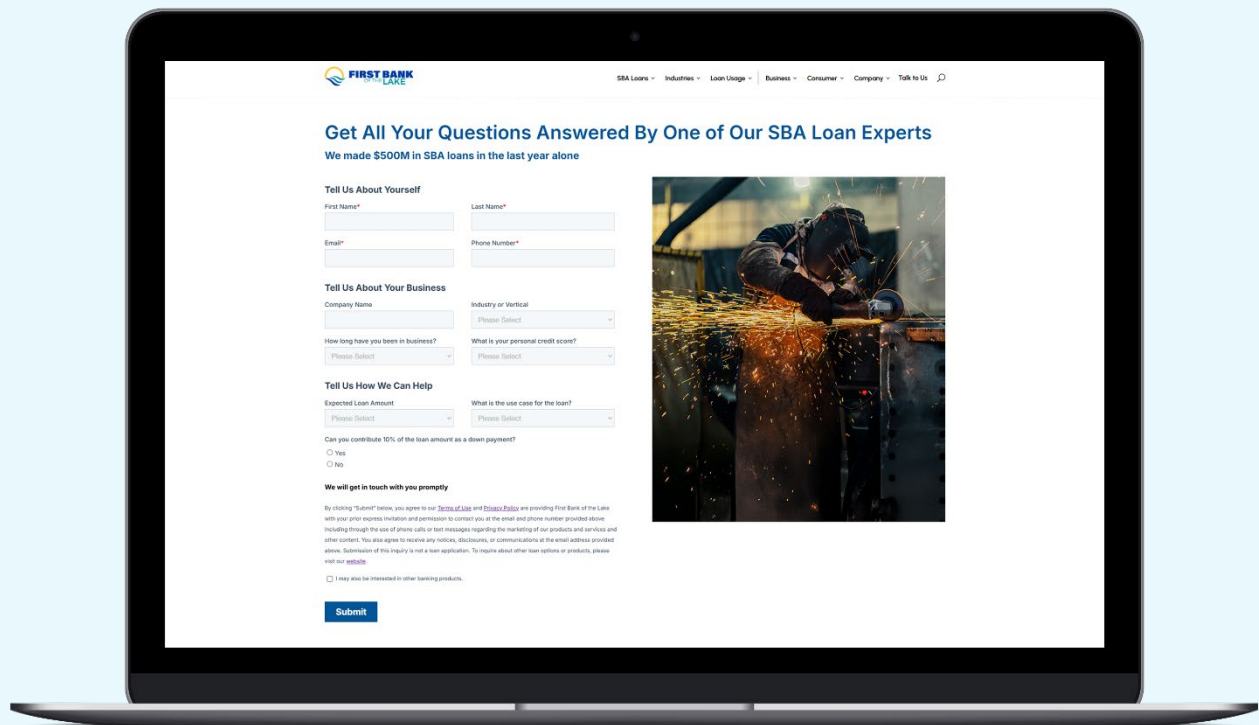
First Bank of the Lake ("Bank") does not provide financial, investment, tax, legal, or accounting advice. The content provided is for informational purposes only and should not be relied upon or considered as an express or implied recommendation, warranty, guarantee, offer, or promise. You should consult your own financial, investment, tax, legal, and accounting advisors before engaging in any transaction. Information provided is not exhaustive and is subject to change without notice. Accuracy is not guaranteed. Outlooks and past performance are not guarantees of future results. Articles may contain information from third-parties, and the inclusion of such information does not imply an affiliation with the Bank or Bank sponsorship, endorsement, or verification regarding the third-party or its information. Any external websites linked to this information are not managed by Bank. All third-party trademarks, service marks, trade names, and logos referenced in this material are the property of their respective owners. All loans are subject to credit approval. Qualifications, terms, and conditions apply to all Bank products and services.



# Get Started Today

Contact us today to learn more about how government-backed SBA loans can help you grow your business.

**(888) 828-5689** | **[www.fblake.bank](http://www.fblake.bank)**



The laptop screen shows the First Bank of Lake website. At the top is the bank's logo and a navigation menu with links for SBA Loans, Industries, Loan Groups, Business, Consumer, Company, and Talk to Us. The main heading reads "Get All Your Questions Answered By One of Our SBA Loan Experts" with a subtext "We made \$500M in SBA loans in the last year alone".

The form is divided into three sections:

- Tell Us About Yourself:** Includes input fields for First Name, Last Name, Email, and Phone Number.
- Tell Us About Your Business:** Includes a Company Name field, a dropdown for Industry or Vertical, a dropdown for How long have you been in business?, and a dropdown for What is your personal credit score?.
- Tell Us How We Can Help:** Includes a dropdown for Expected Loan Amount, a dropdown for What is the use case for the loan?, and a radio button selection for "Can you contribute 10% of the loan amount as a down payment?" (Yes/No).

Below the form is a "We will get in touch with you promptly" section containing a disclaimer about the bank's use of personal information and a "Submit" button. To the right of the form is an image of a welder working on a metal structure, with bright sparks flying.



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