

# SBA 7(a) COMMUNITY ADVANTAGE LOAN PROGRAM

## COMMUNITY ADVANTAGE OVERVIEW

The U.S. Small Business Administration Community Advantage Loan program is designed for new and existing businesses that need loans under \$250,000. The loan can be used to finance a startup company or expand an existing small business or buy real estate.

## **LOAN AMOUNTS**

Up to \$250,000

## **DOWN PAYMENT**

Minimum 10%

## **ELIGIBLE PROJECTS**

- Working capital, equipment, inventory
- Real estate—purchase or renovation
- Debt refinancing

## **ELIGIBLE BUSINESSES**

For profit, small businesses in underserved markets, with primary focus on:

- Low-to-moderate income areas.
- Businesses where more than 50% of the workforce is low income.
- Veteran owned businesses.
- New businesses (less than 2 years old).

## **INELIGIBLE BUSINESSES**

- Businesses involved in lending.
- Investment real estate.
- Pyramid-type businesses.
- Businesses that derive more than 1/3 of revenue from gambling.
- Payments to owners or to pay delinquent taxes, etc.
- Businesses that have previously defaulted on a government loan.

## **COLLATERAL AND SECURITY**

All loans shall be secured by available assets of the borrower and its principals to the extent necessary to protect the interests of the lender.

## **MAXIMUM TERMS**

- Working capital/equipment—10 years
- Real estate—25 years
- Debt refinancing—varies

## **MAXIMUM RATES**

Prime + 6%

## REAL ESTATE, REFI & EXPORT PROJECTS

### **REAL ESTATE PROJECTS**

#### **New Construction**

- Applicant or Operating Company must occupy at least 60% of rentable space for the term of the loan.
- May lease long term no more than 20% of rentable space.
- Must have plan to occupy some of the remaining space within 3 years and will occupy all rentable space not leased long term within 10 years.

#### **Purchase/Renovation of Existing Building**

- Must owner occupy long term at least 51% of the rentable space.
- Loan proceeds cannot be used to remodel or convert non owner occupied space.

## **REFINANCING OPTIONS**

- Long term debt with a demand note or balloon payment.
- Debt with an interest rate over the SBA maximum.
- Business credit card obligations.
- Revolving line of credit can be refinanced to a term loan in some circumstances.

## **EXPORTING PROJECTS**

### **Borrower Eligibility**

- Must already be an exporter, or have viable plan to become an exporter.

### **Loan Eligibility**

- Must improve the competitive position of the business.
- Must increase exporting activity—more export sales or more export markets.

## **BRIGHTBRIDGE CAPITAL**

### **OFFICE**

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*BrightBridge provides the Community Advantage loan in Tennessee, North Alabama, North Georgia & Western North Carolina.*

### **CONTACT**

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