



Complete Business Capital, LLC
202 Church Street #543
Leesburg, VA 20175
703-687-6896
info@CompleteBusinessCapital.com

Small Business Administration Backed Real Estate Loan Introduction

SBA loans are actually bank financing guaranteed by the Government to date to the guy is that of the FAA to stop this time she clubhouse alleged know how to go and it isn't too many desserts to 88 as the star. The Government insurance provides extra benefits. The primary benefit is longer repayment term. Typically, bank commercial real estate loans have a 5-year term and are amortized over 20 years. However, SBA real estate loans are 25 years. That means the monthly payment can be lower, which really improves cash flow and you don't have to refinance every 5 years.

Since SBA loans are bank loans, you will need to meet bank criteria, which can be relaxed a little because of the Government's insurance. All business loans are based on an evaluation of the borrower's Credit, Cash Flow (or cash on hand), and Collateral. These are known as the 3 Cs. If a borrower is strong in all 3 Cs, then getting a business loan is relatively easy to do. What is "strong"?

- Credit is considered strong at FICO scores of 700 and up
- Cash Flow is strong if business profit is at least 1.2x the company debt payments
- Collateral, real estate is strong as long as the value matches the loan

SBA loans involving commercial property typically have down payments between 10 and 20 percent, although there is flexibility if the borrower is strong.

Besides the 3 Cs, some of the common requirements to determine eligibility include:

- No bankruptcy in the past 3 years
- Current on all bills, especially all taxes
- For profit business
- Not an investment property – you must actively run a business in the property that occupies a majority of the building. (This means NO residential real estate. However, hotels are eligible because they are operational businesses.)
- U.S. citizen or legal permanent resident

You may have heard that SBA loans require a lot of paperwork. It is really not much more than a regular bank loan, but more people qualify.

The loan process is typically 90 days depending on how quickly your documents are turned in and availability of appraisers to evaluate the property. Once prequalification documents are turned in, a loan offer can be given in a few days. Once underwriting documents are completed, a conditional loan approval can be given in 2-3 weeks. Final approval will come with the appraisal, then there will be information and documentation needed to prepare for closing.

If you are ready to apply for an SBA loan or have questions about the process, please contact us at Complete Business Capital. Our experts will be more than happy to assist you.