



The 7(a) Loan is one of our most versatile tools. It can be used by any for-profit business for any legitimate business purpose including working capital, inventory, machinery and equipment, real estate acquisition, construction, repair, renovation and refinancing of existing business debt. However, due to interest advantages with the Alacom 504 Loan, we recommend 7(a) lending as a finishing tool to complete a permanent financing package. The 7(a) Loan is especially useful to help prospective borrowers maximize cash flow capabilities.

How It Works

Alacom Finance, as a licensee of the U.S. Small Business Administration, is authorized to package 7(a) loans. We also contract with commercial banks, savings and loans, credit unions and non-bank lenders to package 7(a) loans. Borrowers must contribute a reasonable cash equity injection as determined by SBA and the lender. The balance is provided by the lender and guaranteed for up to **75%** by SBA.

Fees

The following statutory fees apply to the 7(a) Loan and are Non-Negotiable:

- **A Maximum of 3.75% of the guaranteed portion to SBA**
- **Alacom Finance charges a non-refundable packaging fee of \$2000.00, which is based on the hours of work required to prepare 7(a) loans for submission**

Rates and Terms

Interest rate charges on 7(a) loans are determined in negotiation with the lender. They can be fixed or variable, but shall not exceed Prime + 2.75%

Use of Funds Determines Loan Maturities:

- **Working Capital** **5-7 Years**
- **Machinery & Equipment** **8-10 Years**
- **Real Estate Acquisition** **10-25 Years**

Who Qualifies

Eligible businesses include legal, for-profit enterprises, which comply with the following size standards:

- **Retail/Service** **Sales not exceeding \$3.5 Million**
- **Wholesalers** **Sales not exceeding \$13.5 Million**
- **Contractors/Manufacturing** **No more than 500 employees**

These size standards may vary under certain federal regulations.

*Additionally, passive investment companies, not-for-profit corporations, financial institutions, real estate investment companies, gambling establishments, and recreation facilities not open to the public **do not qualify** for 7(a) loans.*

Please note: Congress &/or the SBA may change 504 / 7(a) program regulations & fees without notice.

Visit alacom.com for more information about the 7(a) loan program and **Alacom Finance**. The web site includes the 504 Loan Kit (which includes all forms and applications necessary to start the process), a list of participating banks and companies that have used the SBA 7(a) loan program for their financing needs.

You can contact Alacom Finance at 1-800-239-5909 and ask to speak to a Loan Officer about other SBA Loans or on how Alacom Finance can help you in your business.

Also email Alacom Finance at alacom@alacom.com to request more information.