

## **Community Express Loan Program Fact Sheet**

*Small Business Development Center*

*Auburn University*

*108 Lowder Business Building*

*Auburn University, AL 36849*

*334-844-4220*

### **All Community Express Loans have these common characteristics, unless otherwise stated:**

- All loans from all lenders are guaranteed at 85% by the SBA.
- All loans are unsecured. (no collateral require)
- All loans require a business plan
- All lenders use a credit scoring system to determine approval or decline.
- SBA guaranty fee is 2% of the 85% guaranteed portion of the loan.
- All lenders charge packaging fees, which is in addition to the SBA guaranty fee
- Start-ups (businesses in existence 24 months or less) and existing businesses are eligible for all loans.
- All loans have 10-year maturity, except Innovative Bank that has a 7-year maturity.
- Applicants can apply for all loans.
- Applicants must meet with a Technical Assistance Provider (TAP) prior to loan disbursement.
- No prepayment penalty.
- Franchise must be on SBA approved Franchise Registry. ([www.franchiseregistry.com/registry](http://www.franchiseregistry.com/registry))
- **Money must be disbursed into a business checking account and set up for auto (electronic) payment from the account. Consequently, local lenders get new commercial customers that our seed money has financed.**

### **Lenders**

#### **Innovative Bank**

- Loans are available to start-ups in increments of \$5,000, \$10,000, \$15,000, \$20,000, and \$25,000.
- Interest rate is Prime + 4.75%.
- 7-year maturity (payback period)
- No guaranty fee charged on loans of \$5,000.
- Lender charges a packaging fee of \$575 on all loan amounts that will be taken from the loan proceeds.
- Veterans get a 90 day deferment with no interest or principal payments the first 90 days. Interest does not accrue during this period.
- The loan decision is made using graduated credit scoring: if the loan is not approved at the amount applied for, Innovative Bank will determine if borrower qualifies for a smaller amount.
- If declined for a loan, applicant can reapply in 6 months.
- If applicant has reached maximum loan amount, they can apply for additional amount after one year if repayment history is good.

#### **Redstone Federal Credit Union**

- Loan Amounts from \$5,000-\$50,000
- Lender charges a packaging fee of \$325 on all loan amounts.
- Interest rate is Prime + 4.00% adjusted monthly for loans of \$5,000 to \$25,000 and Prime + 3.25% adjusted monthly for loans of \$26,000 to \$50,000.
- No tax returns, appraisals, or environmental reports required

#### **Superior Financial Group**

- Online Pre-Qualification System
- Loan Amounts from \$5,000-\$25,000
- Guaranty fee is paid by lender on \$5,000 loan.
- Lender charges a packaging fee of \$450 on all loan amounts.
- Interest rate is Prime + 4.5%

### Borrego Springs Bank

- Offers automatic payment drafts from checking accounts of local institution
- Loan Amounts from \$5,000-\$50,000
- Lender charges a processing fee of \$425 on all loan amounts.
- Interest rate is Prime + 4.75% for loans up to \$25,000, and Prime + 3.75% for loans of \$26,000 to \$50,000., adjusted quarterly

**A Start-up Business** can receive a maximum of \$150,000

Innovative Bank	25,000
Redstone Federal Credit Union	50,000
Superior Financial Group	25,000
Borrego Springs Bank	<u>50,000</u>
	\$150,000

### Other Loan Programs

**Capital One** is a **SBAExpress** loan lender

- Online application process is available
- Available to existing businesses only if they have been operation for more than 24 months
- Loans are available in increments of \$25,000, \$35,000, & \$50,000.
- A 1% SBA guaranty fee is charged on the guaranteed portion of the loan and is taken from the loan proceeds.
- The lender does **not** charge a packaging fee.
- Interest rates are variable but the credit score on the application will determine the actual rate, which cannot exceed prime + 6.5% variable.

Online Application-[www.capitalone.com](http://www.capitalone.com)-Small Business-Business Loans-Apply Now

**An Existing Small Business** could apply for all six loans (Capital One, Innovative, RDFCU, Superior Financial Group, & Borrego Springs Bank) if they in operation for more than 24 months.

The maximum amount an existing business could receive is \$200,000:

Capital One	\$ 50,000
Innovative Bank	25,000
Redstone Federal Credit Union	50,000
Superior Financial Group	25,000
Borrego Springs Bank	<u>50,000</u>
	\$200,000

**CDC 504 loan** and **Basic 7a loan** are secured loans; **collateral is required.**

CDC 504 loan : [www.sba.gov/financing/sbaloan/cdc504.html](http://www.sba.gov/financing/sbaloan/cdc504.html)

Basic 7a loan: [www.sba.gov/financing/sbaloan/7a.html](http://www.sba.gov/financing/sbaloan/7a.html)

### Phone Number and Web Addresses:

Capital One	1-(800)-222-0484 or 1-(800)-523-3232	<a href="http://www.capitalone.com">www.capitalone.com</a>
Innovative Bank	1-(866)-812-1216	<a href="http://www.innovativebank.com">www.innovativebank.com</a>
Redstone Federal Credit Union	1-(800)-234-1234	<a href="http://www.redfcu.org">www.redfcu.org</a>
Superior Financial Group	1-(877)-675-0500	<a href="http://www.superiorfg.com">www.superiorfg.com</a>
Borrego Springs Bank	1-(866)-644-0042	<a href="http://www.borregospringsbank.com">www.borregospringsbank.com</a>

Web Sites for a free credit report:

1. [www.experian.com](http://www.experian.com)
2. [www.equifax.com](http://www.equifax.com)
3. [www.transunion.com](http://www.transunion.com)