

THE CAPITAL CATALYST NEWS LETTER

Compliments of Edana Thompson, CEO of AEG Legacy LLC



Beyond the Bank: SBA Loans for Business Success

SBA (Small Business Administration) loans offer several advantages that make them a popular choice for many small business owners.



- Lower Interest Rates:** These loans often come with more favorable interest rates compared to traditional business loans, making them more affordable.
- Flexible Repayment Terms:** SBA loans typically have longer repayment terms, which can help manage cash flow more effectively.
- Easier Qualification:** They can be easier to qualify for than conventional loans, especially for businesses that might not meet the stringent requirements of traditional lenders.
- Larger Loan Amounts:** SBA loans offer a wide range of loan amounts, which can be used for various business needs such as purchasing equipment, real estate, or working capital.
- Continued Support:** The SBA provides ongoing support and resources to help businesses succeed.

An SBA 7(a) loan is the Small Business Administration's primary program for providing financial assistance to small businesses. It's popular because of its flexibility and the support it provides. Here's a little about the SBA 7(a) Program:

- **Loan Amounts:** You can borrow **up to \$5 million**.
- **Uses:** The funds can be used for a variety of purposes, including working capital, purchasing equipment, real estate, or inventory, and refinancing existing debt.
- **Repayment Terms:** The repayment terms can extend up to 25 years for real estate and up to 10 years for other purposes.
- **Interest Rates:** These loans often come with competitive interest rates, which can be as low as the market prime rate plus 2.25%.
- **Eligibility:** To qualify, your business must operate for profit, be located in the U.S., and meet the SBA's size standards.

An SBA 504 loan is designed to provide small businesses with long-term, fixed-rate financing for major fixed assets that promote business growth and job creation. This program is particularly beneficial for businesses looking to make significant investments in their physical infrastructure. Here are some key points:

- **Loan Amounts:** You can borrow **up to \$5.5 million**.
- **Uses:** The funds can be used for purchasing or improving real estate, buildings, and long-term machinery and equipment. However, they cannot be used for working capital, inventory, or refinancing debt.
- **Repayment Terms:** These loans typically have repayment terms of 10, 20, or 25 years.
- **Interest Rates:** SBA 504 loans offer competitive fixed interest rates.
- **Structure:** The loan is typically structured with 50% of the financing coming from a third-party lender, 40% from a Certified Development Company (CDC), and 10% from the borrower.



National Black Business Month

National Black Business Month is celebrated in August. It's a time to acknowledge and appreciate black-owned businesses across the United States. Approximately 10% of all American businesses are black-owned, and these businesses contribute significantly to the nation's economy. The history of Black Business Month dates back to 2004 when engineering entrepreneur Frederick E. Jordan and John William Templeton founded this annual event. Their intention was to highlight and empower Black business owners, recognizing their unique challenges and celebrating their resilience.



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