

Summit Bank SBA Division Program Guideline Matrix

The chart below details general terms under which the Bank will make SBA 7(a) loans. These are guidelines only and some loans will fall outside of these parameters in order to provide an appropriate solution for a borrower and adhere to SBA rules and regulations

Loan Type	Definition	Collateral	Loan Amount: \$25M - \$5MM	Maximum Term	Desired Rate	Payment Terms	Prepayment Terms	Debt Service (includes Operating Company and Eligible Passive Company)	Special Program Notes
7(a) - Commercial Real Estate for existing businesses - including acquisitions, rehabilitation, renovation or construction	Term loan to purchase owner/user commercial real estate	1st DOT, Assignment of rents, UCC on business assets	Minimum of \$100,000, up to 90% LTV/LTC, minimum 10% cash injection	15 - 20 years on special purpose properties per Summit Bank Loan Policy 25 years	WSJ Prime + 2.75%, adjust every 3 years	Fully Amortizing	Term must be 15 years or more, then 5%, 3%, 1%, for first 3 years, however 25% prepay allowance is allowed	Minimum 1.2:1.00 most recent full year and interim. Projected of 1.25:1.00. Expansion projects require a 1.25:1.00 last full two years	The maximum maturity for these loans is 25 years plus any additional period reasonably necessary to complete the construction or improvements
7(a) - Debt Refinance	*See Refi Notes Below*	Real property, equipment, deposit accounts, and other business assets, and all personal real estate (if 25% or more equity)	90% total project financing, minimum 10% cash injection	Up to 10 years	0 - 7Yr Term: WSJ Prime + 2.25%, adjust quarterly 7+Yr Term: WSJ Prime + 2.75%, adjust quarterly	Fully Amortizing	None (not eligible for prepayment since term is less than 15 years)	Minimum 1.20:1.00 most recent full year and interim. Projected of 1.25:1.00	*See notes below
7a - Business Acquisition & Expansion	Term loan for the purpose of purchasing or expanding an existing business	Business assets (UCC Filing) and all personal residence regardless of equity available.	Minimum 15% cash injection, 85% total project financing Purchase Price includes intangible in excess of \$500M, the borrower and/or seller must provide an equity injection of at least 25% of the purchase price (seller equity is defined as seller take-back financing that is on full standby (principal and interest) for 2 years)	Up to 10 years	0 - 7Yr Term: WSJ Prime + 2.25%, adjust quarterly 7+Yr Term: WSJ Prime + 2.75%, adjust quarterly	Interest only for 3 months, then P&I payments fully amortizing based on term	None (not eligible for prepayment since term is less than 15 years)	Minimum 1.25:1.00 most recent full year and interim. Projected of 1.25:1.00	If the change of ownership is a complete change and any existing debt is part of the transaction, the debt doesn't have to meet the 10% installment payment savings or other items outlined in the refinance requirements. If the change of ownership is between existing owners of a business and existing debt is part of the transaction, then refinance requirements must be met.

7(a) - New Business Start-up Loan	Term loan for the purpose of starting a new business	Business assets (UCC Filing) and all personal real estate (if 25% or more equity)	80% of total project/start up, minimum injection of 20%	Up to 10 years	0 - 7Yr Term: WSJ Prime + 2.25%, adjust quarterly 7+Yr Term: WSJ Prime + 2.75%, adjust quarterly	Up to 6 month draw period (interest only), followed by 10yrs (120 months) of P&I payments fully amortizing	None (not eligible for prepayment since term is less than 15 years)	No historical coverage required. Projected coverage of 1.20:1.00 in the first year and 1.25:1.00 in year two. Secondary income source highly encouraged.	Adequacy of W/C to be verified and documented
7(a) - Inventory or Working Capital	Term loan for working capital or inventory purchase	Real property, equipment, deposit accounts, and other business assets, and all personal real estate (if 25% or more equity)	80% of total project, minimum injection of 20%	Up to 7 years	0 - 7Yr Term: WSJ Prime + 2.25%, adjust quarterly 7+Yr Term: WSJ Prime + 2.75%, adjust quarterly	Fully Amortizing	None (not eligible for prepayment since term is less than 15 years)	1.25:1.00 last two full years and projected	Terms for a W/C or inventory loan should be appropriate to the borrower's ability to repay up to 10 years. Use of proceeds to be verified with documented need for W/C to generate additional revenue in business plan
7(a) - Equipment, Fixtures or Furniture	Term loans to purchase new or used equipment	Existing or purchased business equipment, together with UCC filing	90% of total project, minimum cash injection of 10%	10 years except when the useful life of the asset exceeds 10 years	0 - 7Yr Term: WSJ Prime + 2.25%, adjust quarterly 7+Yr Term: WSJ Prime + 2.75%, adjust quarterly	Up to 6 month draw period (interest only), followed by 10yrs (120 months) of P&I payments fully amortizing	None (not eligible for prepayment since term is less than 15 years)	1.25:1.00 last two full years and projected	When maturity exceeds 10 years, lender must document the loan file that the reasonable economic life of the asset(s) acquired is greater than 10 years and final maturity must not exceed the useful economic life of 25 years, whichever is less. No rolling stock, rental equipment and office equipment. See SBA policy and procedures for advance rates
7(a) - Leasehold Improvements (TI's)	Term loan for leasehold improvements of commercial real estate (owner/user)	Business assets (UCC Filing) and all personal real estate (if 25% or more equity)	80% of total project, minimum cash injection of 20%	Up to 10 years	WSJ Prime + 2.25%, adjust quarterly	6 - 9 months draw period (interest only), followed by 10yrs (120 months) of P&I payments fully amortizing	None (not eligible for prepayment since term is less than 15 years)	1.25:1.00 last two full years and projected	

* SBA Guarantee Fee (per SOP):

\$0 - \$150M = 2.0% of guaranteed amount (lender authorized to retain 25%) / \$150M - \$700M = 3.0% of guaranteed amount/ \$700M - \$5MM = 3.50% of guaranteed amount PLUS 3.75% of guaranteed amount above \$1MM

Note: If maturity is less than 12 months, guarantee fee is 0.25% of the guaranteed portion

* Refinancing

- Original loan purchase must be eligible for SBA loan
- HELCO & credit cards in personal names used for business purpose: Must certify the amount refinanced was used exclusively for business purpose AND provide appropriate documentation (note, loan statement) that debt was in fact used for business purposes
- Individual receipts for any business expenses in excess of \$100
- Balloon payment or demand note
- Interest rate that exceeds the SBA maximum interest rate for the processing method being used: When refinancing debt, the new installment amount must be at least 10% less than the existing installment amount(s)
- Debt over collateralized by SBA collateral requirements: When refinancing debt, the new installment amount must be at least 10% less than the existing installment amount(s)
- Revolving LOCs where lender is unwilling to renew or the lower rate or extend term
- Debt were original maturity not appropriate for funds (equipment for 3yrs, but useful life of 15yrs): When refinancing debt, the new installment amount must be at least 10% less than the existing installment amount(s)
- Debt used to finance a change in ownership: When refinancing debt, the new installment amount must be at least 10% less than the existing installment amount(s)
- Can refinance existing institution debt with payment history of 36 months or life of loan, whichever is less, cannot process through PLP, and cannot be used to shift potential loan to SBA: When refinancing debt, the new installment amount must be at least 10% less than the existing installment amount(s) and cannot process through SBA Express

*Specialty Industries: Borrower/principals minimum credit score of 700

- Restaurants require 30% minimum injection, minimum debt service of 1.40:1.00 last two full years and projected coverage of 1.40:1.00
- Gas station/convenience stores require 20% minimum injection, minimum debt service of 1.35:1.00 last two years and projections. Current acceptable Phase I & II with no further action letters if applicable, Environmental Checklist required and site visit.
- Hospitality require 20% minimum injection, minimum debt service of 1.25:1.00 last two full years and 1.25:1.00 projected with standard add backs. Start-ups will be considered on a case-by-case basis. Only franchise hotel brands will be considered. Minimum historical occupancy of 50%, with more than 1/2 of revenues from transients staying less than 30 days.
- Medical Professionals includes Veterinarians, Dentists, and Medical Doctors. Program requires 10% minimum injection by Borrower, 1.00:1.00 last two full years debt service with 1.20:1.00 projected debt service. Change of ownership and start-up debt service minimum of 1.30:1.00 average with 1.20:1.00 projected. Working Capital loans limited to \$500,000.