SBA Express Term Loan

Max. Amort. in Yrs.

Definition: This flexible and expedited loan program can be used to finance most any business term loan purpose including real estate construction

/ purchase / improvement, equipment purchase, business acquisition, debt refinance, and working capital. The main advantages of this program include fast and simple applications, lower fees/costs, and flexible lending structures. Loans may be approved under this program with little additional paperwork and they will close on standard Bank documents. SBA Express loans are limited to a cumulative \$350,000 between all enrolled loans. TBoNM and TBoH both hold SBA's highest status for this product which allows for

quick, in-house approval of most Express loan applications and servicing actions.

Size of Loan: Up to \$350,000 cumulative between all Express programs

Purposes: Purchase, construct, or improve real estate (>50-60% owner-occupied) up to 20-25

Purchase new or used equipment, fixtures, or leaseholds up to 10-15
Finance business acquisition, owner buyout, or start-up varies w/ purpose
Debt refinance (loans with us, other banks', seller, L/C, etc.) varies w/ purpose
Working capital, inventory, intangibles, start-up costs, etc. up to 10

Eligibility: These loans are targeted to for-profit businesses only. In order to qualify for SBA Express loans, a business must be considered "small"

by SBA's definition. Currently, that definition is:

 \bullet Tangible net worth <=\$15,000,000 AND avg. net income after tax of <=\$5,000,000 OR

NAICS-based size standard if it results in a higher number (i.e. <500 employees)

While most businesses are eligible, a small number of industries and loan purposes will not qualify.

Guaranty %: Up to 50% for all enrolled SBA Express loans

Interest Rates: Fixed or variable interest rates are available. These rates are set by the originating market with maximum rates typically being P+4.5%

if loan is > \$50,000 and P+6.5% if loan is < = \$50,000. SBA Express loans do not balloon, however, fixed interest rates will typically adjust every 3-5 years and are priced as a spread over one of the available pricing indexes. Variable rate loans will use Wall Street

Journal Prime as their base rate and may adjust as frequently as daily and may have a rate floor.

Equity: The amount of cash equity required will be determined on a loan-by-loan basis per underwriting guidelines.

Collateral: The loan will be secured by a 1st lien position on all assets financed or refinanced with SBA loan proceeds + personal guaranties of

principals owning > = 20% of either the operating company or real estate holding entity (if loan purpose is real estate). Guaranties of related businesses, key man life insurance, Lessor's Agreement, etc. may also be required. Additional collateral may be needed (but not

required if similar conventional loans don't require it) if discounted collateral coverage is < 100%.

Prepayment: Prepayments on SBA Express loans with maturities of less than 15 years are allowed without penalty. A penalty of 5% yr. 1; 3% yr. 2;

and 1% yr. 3 is charged for a prepayment of >20% of the balance on any loan with an original maturity of 15 years or greater.

Fees: SBA charges fees on the guaranteed portion equal to 2% of the loan is <=\$150,000; 3% on loans >\$150,000 but <=\$700,000;

and 3.5% on loans > \$700,000. An ongoing servicing fee of .55% of the outstanding guaranteed balance is additionally charged to the

Bank. The Bank may also charge for out-of-pocket costs in addition to a Package Preparation Fee.

Other: Appraisals, environmental studies, title insurance, and flood insurance (if applicable), are required on most real estate collateral.

Business and personal financial statements and tax returns are typically required to be submitted to the Bank at least annually. A deposit

relationship with us is also required. Other requirements and conditions may apply.





northern michigan