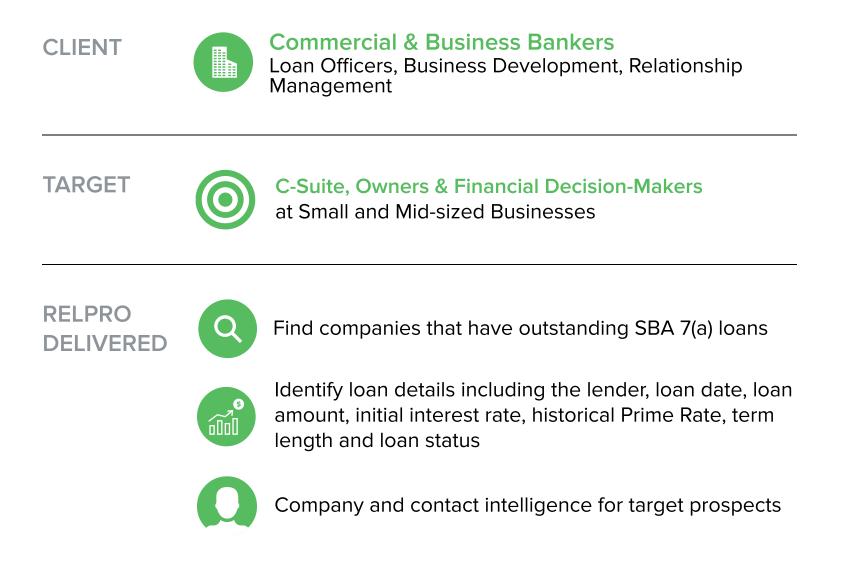
# RelPro®

## SBA 7(a) Loan Data Use Case

### Leveraging SBA 7(a) Loan Data

RelPro integrated Small Business Administration (SBA) 7(a) loan data into its platform. This data allows loan officers, business development professionals and relationship managers to quickly identify potential small business lending opportunities to fit their specific strategy.





#### WHAT ARE SBA 7(a) LOANS?

SBA 7(a) loans are small business loans that are backed by the United States Small Business Administration (SBA), an independent agency of the U.S. government that supports entrepreneurs and small businesses with programs including business counseling, contracting, capital and more. Through the **SBA 7(a) loan program**, the SBA works with approved lenders to guarantee a portion of the loan amount those lenders extend to a small business.

This program allows financial institutions to provide capital to businesses that may lack the collateral or cash flow typically required to meet a bank's standard underwriting policies. SBA 7(a) loans can be used for a variety of purposes including funding for startup costs, real estate purchases, business acquisitions and expansion. The relatively flexible terms and funding applications make these loans an appealing solution for borrowers who can attain them.

These loans are made by financial institutions and backed by the federal government, meaning that if an SBA 7(a) loan goes into default, the SBA will pay the financial institution up to 75% of their loss after they've foreclosed on available collateral. This support mitigates the risk for the financial institutions funding these loans.

#### SBA 7(a) LOAN DATA IN RELPRO

SBA 7(a) loan terms can range in length from a few months up to 25+ years. Their rates can be fixed or variable, dependent on the specific lender. These loans may carry a three-year prepayment penalty, dependent on the term length. The penalty is 5%, 3% and 1% of the principal in years 1, 2 and 3, respectively.

**RelPro** users can find and research SBA 7(a) loan data within our **Filings and Loans Search**. Users can specifically target their search for 7(a) loans, filtering by term and interest rate. The search results give bankers a list of companies that fit their search criteria with loan data including the lender, loan date, loan amount, interest rate, term length and loan status.

#### LEVERAGING RELPRO'S DATA

With RelPro's SBA 7(a) loan data, **bankers** can quickly identify and qualify prospects with loans that fit their specific business development strategy. Those strategies may include identifying loans outstanding with their competitors, determining if a loan will have a prepayment penalty (if applicable) or comparing rates for the existing loans against current market conditions. Bankers can use this intelligence to gain an advantage in identifying new lending opportunities. In a rising interest rate environment, these new opportunities may come in the form of refinancing loans with current and prospective clients or winning business from a company that has loans outstanding with competitor financial institutions.

Many variable rate SBA loans are priced at Prime + 2.75%, a significantly higher rate than a current conventional loan rate. Given the potential for further rate increases by the Federal Reserve, a variable rate poses an interest rate risk to the borrower, making that borrower a potential prospect for refinancing. Additionally, circumstances may exist where companies possessing variable-rate loans may have improved their borrowing power since receiving the initial loan. For example, in the case of an owner-occupied real estate loan backed by the 7(a) program, the borrower's collateral property may have increased in value. Also, the borrower's cash flow may have improved. In both cases, the borrower may now qualify for a conventional loan at a fixed rate with a bank's standard underwriting process. This could mean significant savings for the borrowing company and a lending opportunity for the financial institution.

Lenders can also look at prospect companies' variablerate loans that are held with competitors. Even if a company's size and capitalization require that it access the SBA 7(a) program for funding, if the borrower is outside of any prepayment penalty window, there may be a refinancing opportunity for a lender who can offer a fixed-rate option to mitigate the market rate risk for the borrower.

Using RelPro's SBA 7(a) search functionality, lenders can quickly identify new opportunities that fit their business development strategy with small businesses. Once they've identified these opportunities, those lenders can easily click into a company profile within the RelPro platform to research those companies and their executives with access to company firmographics, news updates, executive contact details and more. They can use that intelligence to build targeted lists for outreach, prepare for calls and meetings, and engage their prospects and clients to form new connections and deepen existing relationships.

If you would like to learn more about how RelPro can help you and your business, schedule a demo at learn.relpro.com.

