

# SBA LOAN ENHANCEMENTS

## The Small Business Owner's Guide

As part of the Economic Aid Act, the U.S. [Small Business Administration](#) (SBA) will be making principal and interest payment contributions up to \$9,000 toward new and existing SBA 7(a), 504 and Microloan programs for eligible businesses. In addition to making payments on these loans, the SBA is waiving fees for both the 504 (SBA portion only) and 7(a) loan programs. Now, let's dive into the details.

### Loan Payment Coverage:

The matrix below outlines relief options based on the date, status and amount of your monthly loan payment.

| Loan Approval Timeline   | Enhancement Benefits   |
|--|--|
| <b>Loans approved from March 27, 2020 to Sept. 27, 2020 that weren't fully disbursed by Sept. 27, 2020, now eligible for first round payments</b>  | <ul style="list-style-type: none"><li>• Receive 3 months of full P&amp;I payments and any associated fees</li><li>• Payments begin when the loan is fully disbursed; Approved means the date the SBA assigned a loan number</li></ul>  |
| <b>Loans approved before March 27, 2020 and not on deferment</b>   | <ul style="list-style-type: none"><li>• Receive 2 months of second round P&amp;I payments and any associated fees up to \$9,000 per month</li><li>• Begins with first payment due on the loan on or after Feb. 1, 2021</li><li>• Additional 3 months of P&amp;I payments up to \$9,000 per month (following the 2-month period) and any associated fees for identified NAICS codes</li></ul> |
| <b>Loans approved before March 27, 2020 and on deferment</b>   | <ul style="list-style-type: none"><li>• Receive 2 months of P&amp;I payments and any associated fees up to \$9,000 per month</li><li>• Begins with the next payment due after deferment period</li><li>• Additional 3 months of P&amp;I payments up to \$9,000 per month (following the 2-month period) and any associated fees for identified NAICS codes</li></ul>                         |
| <b>Loans approved beginning Feb. 1, 2021 and ending Sept. 30, 2021 when loan is fully disbursed</b>  | <ul style="list-style-type: none"><li>• Receive 3 months of P&amp;I payments and any associated fees up to \$9,000 per month</li><li>• Limited to one loan</li></ul>   |
| <b>Loans approved prior to 3/27 that were not fully disbursed before September 27, 2020, and did not receive first round subsidy, now eligible for first round payments when the loan is fully disbursed</b> | <ul style="list-style-type: none"><li>• Receive 3 months of full P&amp;I payments and any associated fees</li><li>• Payments begin when the loan is fully disbursed; Approved means the date SBA assigned a loan number</li></ul>  |

Please note:

- All relief payments are subject to availability of funds
- Loans approved between 9/27/2020 and 1/31/2021 are not eligible for subsidy payments

This information is accurate and updated as of 2/17/2021. Terms and conditions are subject to change.



## Loan Uses

- Business/practice purchase
- Partner/manager buyout
- Expansion through acquisition
- Real estate purchase including ground-up construction and tenant improvements
- Refinance existing business debt



## Loan Terms

- No SBA fees for both 7(a) and 504 loans (SBA portion only)
- Loans from \$250K - \$5M+, varies by product
- Loan terms up to 25 years
- Loans can include working capital to support your operations
- Fully amortized/no balloons
- No prepayment penalties for loan terms under 15 years

**Loan Amount – \$2,000,000 | Term (Months) – 120**

| Current                                     | Change     | New                                      |
|---|------------|--|
| 6.000%<br>Interest Rate<br>(rates vary)     | 0.000%     | 6.000%<br>Interest Rate<br>(rates vary)  |
| 0<br>Subsidy Months                         | 3 Months   | 3<br>Subsidy Months                      |
| \$53,750<br>Guaranty Fee                    | (\$53,750) | \$0<br>Guaranty Fee                      |
| \$22,204<br>Monthly Payment                 | (\$597)    | \$21,607<br>Monthly Payment              |
| \$22,204<br>Monthly Payment without Subsidy | (\$9,597)  | \$12,607<br>Monthly Payment with Subsidy |
| \$2,664,492<br>Total Payments               | (\$98,608) | \$2,565,884<br>Total Payments            |

## How and When to Apply

From temporary economic aid incentives to low interest rates, now is the time to consider an SBA loan for your business. SBA loans approved between February 1, 2021 and September 30, 2021 will receive these benefits once the loan is fully disbursed, subject to the availability of funds. We understand that there are many details around these new loan enhancements, so we're here to support you. Live Oak's knowledgeable loan specialists can help you determine the best loan structure to meet your needs.

To apply or learn more, [connect with a loan specialist](#).

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## Frequently Asked Questions

### **What if my monthly loan payment exceeds \$9,000?**

You (the borrower) are responsible for any amount that exceeds \$9,000 each month. You can either pay Live Oak the amount over \$9,000 at the time the payment is due or enter into an agreement with Live Oak in accordance with SBA's Loan Program Requirements to pay that amount under mutually agreeable terms.

### **Is there a limit on the number of loans I can have?**

If you have received or will receive subsidy payments from the SBA on a loan that was approved from March 27, 2020 to Sept. 27, 2020, you may not receive debt relief for any other loan approved beginning on or after Feb. 1, 2021. This one-loan limitation does not apply to affiliates of the Borrower.

### **What if I continued to make payments for my loan?**

The SBA will pay Live Oak Bank directly, on your behalf. If for some reason you, the borrower, continue to pay us during the covered period, we will notify you and allow you to either 1) return that amount back to you or 2) apply that amount to future loan payments, after the SBA's three-month loan coverage.

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