

Who Benefits From the 7(a) Program?

SBA 7(a) Program

The SBA's flagship 7(a) program provides loans to small businesses unable to secure financing on reasonable terms through conventional credit channels. The program operates through private-sector lenders that make loans backed, or "guaranteed" by the SBA in the case of default.

For lenders, the 7(a) loan program has the potential to:

- Increase Profitability—Return on assets of SBA loans can easily exceed 5% and return on equity can exceed 70%.
- Increase the Size of Your Portfolio—The mitigated risk provided by federal guarantees as high as 90% allows you to comfortably expand your customer base.
- Increase Liquidity—7(a) loans can be readily sold on the program's healthy secondary market.
- Increase Regulatory Loan Limits—Only the unguaranteed portion of an SBA loan counts against your regulatory loan limit per customer.
- Increase competitiveness—The ability to offer terms as long as 25 years gives you a more desirable product line to offer prospective and existing customers.