NEWITY

#1 SBA 7(A) FACILITATOR | **$12.0B** LOANS SECURED | **125K+** BUSINESSES SERVED

SBA 7(a) Business Acquisition

Financing for buyers acquiring an existing operating business, underwritten to SBA change-of-ownership standards.

SBA 7(A) ACQUISITION

PROGRAM AT A GLANCE

LOAN SIZE	INTEREST RATE	TERM	BUYER EXPERIENCE	EQUITY INJECTION
$250K–$5M	**Prime + 3–4.5%**	**Up to 25 Yrs**	**3+ Years**	**10% Min**
Asset or stock purchases	Max Prime + 3.0% above $350K	Matched to asset class financed	Documented management experience	Seller standby debt counts up to 50%

THE PRODUCT

Change-of-ownership financing built to SBA acquisition rules, with valuation, equity injection, and seller-transition discipline underwritten into every deal.

- Finances asset or stock purchases, transition working capital, real estate, and equipment
- Business valuation required on every deal; independent valuation above $250K
- SBA-guaranteed proceeds capped at valuation; shortfall covered by equity or seller standby debt

THE BORROWER

Buyers with documented management experience acquiring an established, cash-flowing target business.

- Target business operating 5+ years with minimum $50,000 EBITDA
- Buyer holds 3+ years documented management experience; prior ownership not required
- No outstanding MCA financing on the target business at closing

CORE CREDIT CRITERIA

Cash Flow & DSCR

- ✓ **1.25x minimum DSCR** on target business, each of last 3 years
- ✓ **1.00x minimum Global DSCR** across all Buyer-owned entities
- ✓ EBITDA tested against 2 years of tax returns plus interim financials
- ✓ Revenue screens: two straight 10%+ down years or 25%+ cumulative decline disqualify

Equity Injection & Seller Terms

- ✓ **10% minimum equity injection** of total project costs
- ✓ Seller standby debt can cover up to 50% of injection
- ✓ Seller may not remain as officer, director, or employee post-close
- ✓ Seller consulting allowed up to 12 months; earnouts prohibited

Buyer & Management Requirements

- ✓ **720 minimum FICO** for every Buyer holding 20%+ ownership
- ✓ **3+ years management experience**, documented with a resume
- ✓ Personal debt-to-net-worth capped at 3.0x; 6 months liquidity required post-close
- ✓ Net worth, excluding residence, at least 10% of loan amount

720	1.25x	10%	$50K
MIN BUYER FICO	MIN DSCR, 3-YR TEST	MIN EQUITY INJECTION	MIN TARGET EBITDA

Collateral & Guaranty

- ✓ All conveyed assets secured as collateral, including intangibles
- ✓ **First-position UCC-1** filed on all business assets
- ✓ Fixed assets above net book value require independent appraisal

Valuation Requirements

- ✓ Business valuation required on every change-of-ownership transaction
- ✓ **Independent Qualified Source valuation** required above $250K
- ✓ Valuation engaged by and prepared for the lender only
- ✓ SBA proceeds capped at valuation; shortfall funded by equity

Prepared for prospective referral partners. Summary for discussion purposes only. Criteria subject to change.