

# ACQUIRE WITH CONFIDENCE:

## How SBA 7(a) Loans and the Right Lender Empower Business Buyers



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Buying a business is one of the fastest paths to ownership, but traditional financing can create unnecessary hurdles. Short repayment terms, high monthly costs, and limited flexibility can strain cash flow just when stability matters most. That's where the SBA 7(a) loan program makes a difference.

If you're looking to buy a business, expand, or just need working capital, the SBA 7(a) loan program is one of the most versatile financing options out there available. Backed by the U.S. Small Business Administration, this program helps small, for-profit businesses secure loans—usually up to \$5 million—through private lenders. Whether you're purchasing real estate, upgrading equipment, or taking over an existing business, the 7(a) loan is designed to make growth more accessible and affordable.

### SMART PATH TO OWNERSHIP

According to the U.S. [Small Business Administration](#), SBA 7(a) financing offers terms of up to 10 years for business acquisitions and up to 25 years when most of the loan is used for owner-occupied real estate—far beyond what conventional loans typically allow. This extended amortization results in lower monthly payments, giving borrowers more room to direct their focus (and funds) into areas like operations, growth, and working capital.

Key benefits include:

- **Full amortization.** With an SBA 7(a) loan, there are no balloon payments at the end of the term, which helps you avoid the risk of needing to refinance under uncertain market conditions.
- **Flexibility in how funds are used.** The program also offers flexibility in how funds are used. In addition to covering the purchase price, proceeds can be applied to working capital, equipment, eligible debt refinancing, and even real estate. This allows you to structure a single, comprehensive financing package that supports both acquisition and post-close needs.
- **Lower monthly payments that protect your cash flow:** SBA 7(a) loans offer longer repayment terms so you can spread out payments and keep more cash on hand to run and grow your business.

### WHAT TO EXPECT: RATES, TERMS, AND EQUITY

When purchasing a business, the SBA requires buyers to contribute at least 10% of the total project cost as equity. However, up to half of that can come from a subordinated seller note on full standby, which means no payments of principal or interest (can accrue interest and it is added to the principal balance due) for the life of the SBA loan, which the SBA counts as equity. This structure can make it easier for buyers with limited upfront capital to meet the requirements while preserving cash for operations and growth.

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In early 2026, most SBA 7(a) loans come with interest rates between 9.75% and 14.75%, depending on the loan size, term, and your financial profile. These rates are based on the Prime rate, and the SBA sets limits to keep lenders from charging too much.

When evaluating a 7(a) loan application, lenders focus on your ability to repay the loan through historical and projected cash flow. They'll also assess the quality of your transition plan, the credibility of your business valuation, and the strategic use of loan proceeds.

If your acquisition includes refinancing existing debt, be aware that not all obligations are eligible. For instance, merchant cash advances and factoring arrangements are excluded under current SBA guidelines. Identifying these issues before signing a letter of intent can help you avoid delays or restructuring at closing.

## **THE RIGHT LENDING PARTNER**

With how detailed and intricate the SBA loan process is, and recent regulatory updates, choosing an experienced lender is critical. A knowledgeable SBA partner will help you structure your loan to align with your business goals, ensure compliance with current guidelines, and avoid common pitfalls that can derail a deal.

Recent changes to SBA loan rules mean lenders now have to follow stricter guidelines when reviewing applications, including proving you can't get financing elsewhere and explaining how you'll use the funds.

The SBA 7(a) loan isn't just a financing tool—it's a launchpad for growth. With longer terms, capped rates, and unmatched flexibility, it's designed to help entrepreneurs take ownership without sacrificing financial stability.

