

# SBA 504 Loans

## SBA Preferred Lender

### Use of Proceeds

- Acquisition of existing building
- New construction
- Long-term equipment
- Professional fees
- Lender's interim points & interests

### Loan Amounts

- No Maximum Limit placed on Bank loan portion
- Maximum Gross Debenture (SBA portion) \$500,000 (typical project)
- \$5,500,00 for manufacturers and energy projects.

### Borrower Benefits

- SBA/CDC financing at long term, fixed rate
- Lower equity contribution, as little as 10% of project
- Preserves working capital with lower equity requirement
- Most soft costs may be rolled into project financing

### Loan Structure

- Bank financing - 50% - first lien
- SBA/CDC financing - 40% - subordinate lien (typical project)
- Borrower equity - 10% (typical project)

### Terms and Interest Rates

#### Bank financing

- Up to 20 years, fully amortizing
- Adjustable and fixed rates are available
- Competitive fee structure

#### SBA/CDC financing

- Real Estate - 10 or 20 years, fully amortizing (no balloon)
- Machinery & Equipment - 10 or 20 years, fully amortizing (no balloon)
- Fees set by CDC, some can be financed into the loan
- Fixed rate based on Treasury Rates

### Occupancy

- 51% for existing facilities/buildings (renovations and expansions are eligible)
- 60% for ground-up construction projects (should occupy 80% within 10 years)



The Perfect Partnership for Small Business

This is an outline of the terms offered by the SBA, and is subject to final approval by the bank and SBA. Revised 6/11.