

SBA 504 BASICS

We are in the business of helping people succeed from the very first step.

Project Size

- \$200,000 to \$15,000,000+

Borrower Contribution/Equity Injection

- A minimum of 10% unless
 - The operating company has been in business less than two years, then 15% or
 - If the project involves a limited or single purpose building, then 15%
 - 20% if both new business and special purpose property

SBA Portion

- \$5 million maximum, or
- \$5.5 million for small manufacturers, or
- \$5.5 million for projects that meet energy savings or generation public policy goal

Loan Terms

- 20 Years for real estate. Bank portion must be at least 10 years
- 10 Years for equipment. Bank portion must be at least 7 years

Job Creation

- 1 new job must be created or maintained for each \$65,000 in debenture amount, or \$100,000 for manufacturing, unless the project meets one of SBA's Public Policy Goals

Public Policy Goals

- Business District revitalization or enhanced economic competition
- Export companies
- Companies that are 51% or more minority, women, or veteran owned
- Rural development

Business Size Standards (including affiliates)

- Tangible net worth less than \$15 million
- Average net profit less than \$5 million for the past 2 years

Leasing/Owner Occupancy

- 51% owner occupancy required if project involves purchase of an existing building
- For new construction borrower must occupy 60% immediately, additional 20% within 3 to 10 years, and remaining 20% may be leased permanently

Eligible Business

- For-profit corporations, partnerships, and proprietorships
- 51% Ownership must be U.S. citizen or legal permanent residents

Ineligible Business

- Certain passive income business (e.g. - apartments)
- Non-profit business

Eligible Loan Purposes

- Purchase of land, building, machinery, and long-term equipment
- Purchase land and construct new building and improvements
- Purchase and renovation of an existing building
- Improvements or addition to existing building
- Limited refinancing available

Ineligible Uses for 504 Proceeds

- Working capital
- Goodwill purchase
- Inventory
- Rolling stock such as cars, trucks, buses, or airplanes

504 Refinance

- 90% LTV maximum financing
- Cash out provision limited to 50% LTV debt refi and maximum 25% LTV cash out
- Debt being refinanced must have been in existence at least 2 years
- Loan payments must be current for the last 12 months
- One job for every \$65k in SBA fund must be created or retained for public policy goal
- Operating company must occupy at least 51% of the building
- Refinancing previous government loans (SBA/USDA, etc.) are ineligible