

# SBA 504 & 7(a) Comparison

	SBA 504 Loan Program	SBA 7(a) Loan Program
<b>Eligible Uses</b>	<ul style="list-style-type: none"> <li>Buy, Build or renovate primarily owner occupied commercial real estate</li> <li>Purchase capital equipment/machinery (useful life of 10 or more years)</li> <li>Refinance a conventional commercial real estate loan (through 9/27/12)</li> </ul>	<ul style="list-style-type: none"> <li>Start, expand or acquire a business</li> <li>Buy, build or renovate primarily owner occupied commercial real estate</li> <li>Refinance existing debt</li> <li>Purchase capital equipment</li> <li>Working capital/Inventory</li> <li>Lines of Credit (CapLines)</li> <li>International trade (export) financing</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>No more than 40% of project cost, up to \$5MM or \$5.5MM for manufacturers or projects qualifying for the SBA's energy efficiency public policy goal</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$5MM with a maximum SBA guaranty of \$3.75MM</li> </ul>
<b>Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>A net worth less than \$15MM and a net profit of no more than \$5MM (two year average after taxes)</li> </ul>	<ul style="list-style-type: none"> <li>A net worth less than \$15MM and a net profit of no more than \$5MM (two year average after taxes)</li> </ul>
<b>Down Payment</b>	<ul style="list-style-type: none"> <li>10% for established business in a multi use building, or for equipment purchases</li> <li>15% for start-ups or a special use property</li> <li>20% for start-ups in a special use property</li> </ul>	<ul style="list-style-type: none"> <li>Determined by the type of business and bank requirements</li> </ul>
<b>Interest Rates &amp; Terms</b>	<ul style="list-style-type: none"> <li>Fixed for 20 or 10 years on commercial real estate and 10 years on equipment (SBA 504 portion)</li> <li>Fully amortized for the life of the loan</li> </ul>	<ul style="list-style-type: none"> <li>Fixed, variable and combination rates allowed (variable typically adjusts quarterly at a maximum of 2.75% over prime)</li> <li>Up to 25 years on commercial real estate</li> <li>The useful life on equipment or business acquisitions, up to 10 years</li> <li>Up to 10 years for working capital</li> </ul>



Colorado Lending Source is the state's nonprofit, small business financing expert. Over our two decade history, we have worked with small businesses to create and retain more than 16,500 jobs across Colorado while helping to pump \$750 million into the state's economy.

*The mission of Colorado Lending Source is to foster the economic growth of diverse small businesses within our communities.*

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