



# SBA 504 Loans

## Commercial Real Estate & Capital Equipment

\$25,000 to \$5.5 Million | 10, 20 or 25 Year Term with Fixed Interest Rates

Tired of throwing money away on rent? The Small Business Administration 504 loan provides financing to buy, build, renovate and even refinance commercial real estate and purchase long-term machinery and equipment.

### Eligible Uses

- Buy, build or renovate commercial real estate
- Purchase machinery or equipment
- Debt refinance (for commercial real estate & equipment)
- Include professional fees & interim financing costs

### Requirements

- Must be a for-profit business located within the United States
- The business net worth must be less than \$15 million with an average two-year net income of \$5 million or less
- The business must occupy 51% or more of commercial real estate being purchased or renovated or 60% of the finished building for ground up construction
- Individuals owning 20% or more of the business must act as personal guarantors

### Debt Refinance Requirements

- Conventional commercial real estate loans in place for a minimum of two years where the borrower has been current on loan payments for the last 12 months
- Cash out is allowed, and can be used for business expenses incurred within 18 months and cannot be more than 20% of the total project with a loan to value of 85%. Renovations cannot be funded with the cash out, but repairs are eligible

### Advantages

- The SBA 504 loan requires a lower down payment of 10-20% compared to a 25-30% down payment for conventional financing. This means you have more money available to run your business
- Long-term, fixed-rate financing means you know exactly how much you owe for the life of the loan and lower monthly payments
- Professional fees incurred can be included in the project financing

