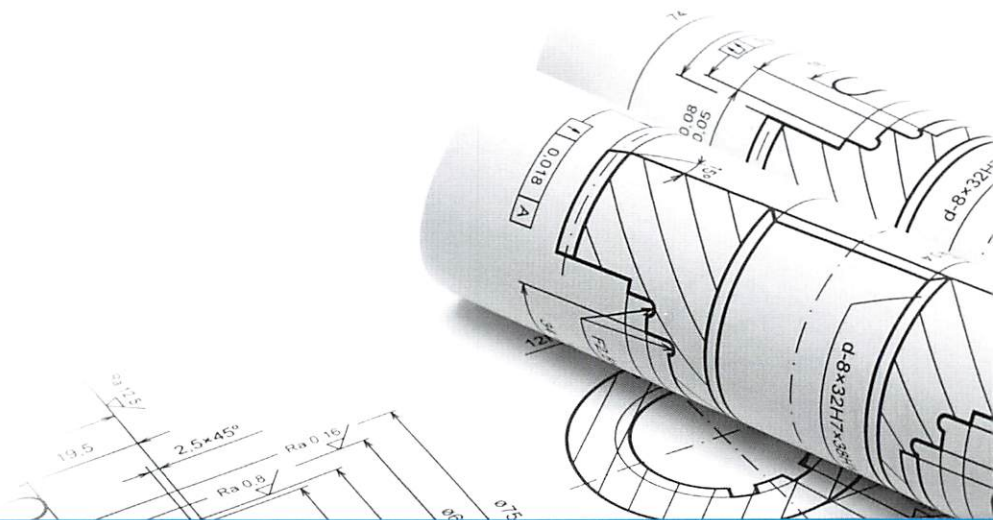




# 504 LOAN

## BUSINESS LOANS FOR BUSINESS DREAMS



### WHAT IS THE SBA 504 LOAN?

A loan in conjunction with a lending partner used to purchase commercial real estate, construct a building, purchase long-term equipment or refinance eligible business assets.

### PROJECT SIZE

\$250,000 to 15,000,000 +

### BORROWER'S DOWN PAYMENT

- 10% in most cases
- 15% for start-up businesses (less than two years in operation) or special-purpose properties
- 20% if the project is both a start-up and special-purpose property
- Equipment loans may qualify with 10% or 15%

### OWNER OCCUPANCY

- 51% for purchases of an existing building (renovations and expansions are eligible)
- 60% for ground-up construction projects (additional 20% within 3 years)

### SBA MAXIMUMS

- \$5 million maximum, or ...
- \$5.5 million for manufacturers, or ...
- \$5.5 million if business is reducing their energy consumption by 10%
- No maximum limit placed on lending partner's loan portion

### INTEREST RATE

- Fixed rate based on Treasury rates
- Rate is locked-in when SBA funds the debenture

### LOAN TERMS

- Fully-amortized over life of loan (no balloon)
- Real estate – may be 10, 20 or 25-year term
- Machinery & equipment – may be 10, 20 or 25-year term

### ELIGIBLE USE OF FUNDS

- Acquisition of vacant land
- Building construction
- Acquisition of existing buildings
- Major renovations and/or additions to existing buildings
- Purchases of capital equipment, including heavy machinery
- Lender's interim points, interest & closing cost

### INELIGIBLE USE OF FUNDS

- Working capital
- Goodwill from business acquisition
- Inventory
- Franchise fees
- Tenant improvements
- Rolling stock (i.e. vehicles)

### ELIGIBLE BUSINESSES

- Legal entity - corporation, partnership, sole proprietor, limited liability company
- Owners must be U.S. citizens or legal permanent residents
- Located in the United States
- Net worth under \$15 million and net profits under \$5 million (2 year average)

## INELIGIBLE BUSINESSES

- Non-profit businesses
- Businesses engaged in lending
- Passive businesses (i.e., apartments, shopping centers)

## JOB CREATION/PUBLIC POLICY GOALS

- 1 new job must be created or retained for every \$65,000 of the debenture amount
- 1 new job must be created or retained for every \$100,000 of the debenture amount for manufacturing

Job requirement can be excluded if a public policy goal is satisfied:

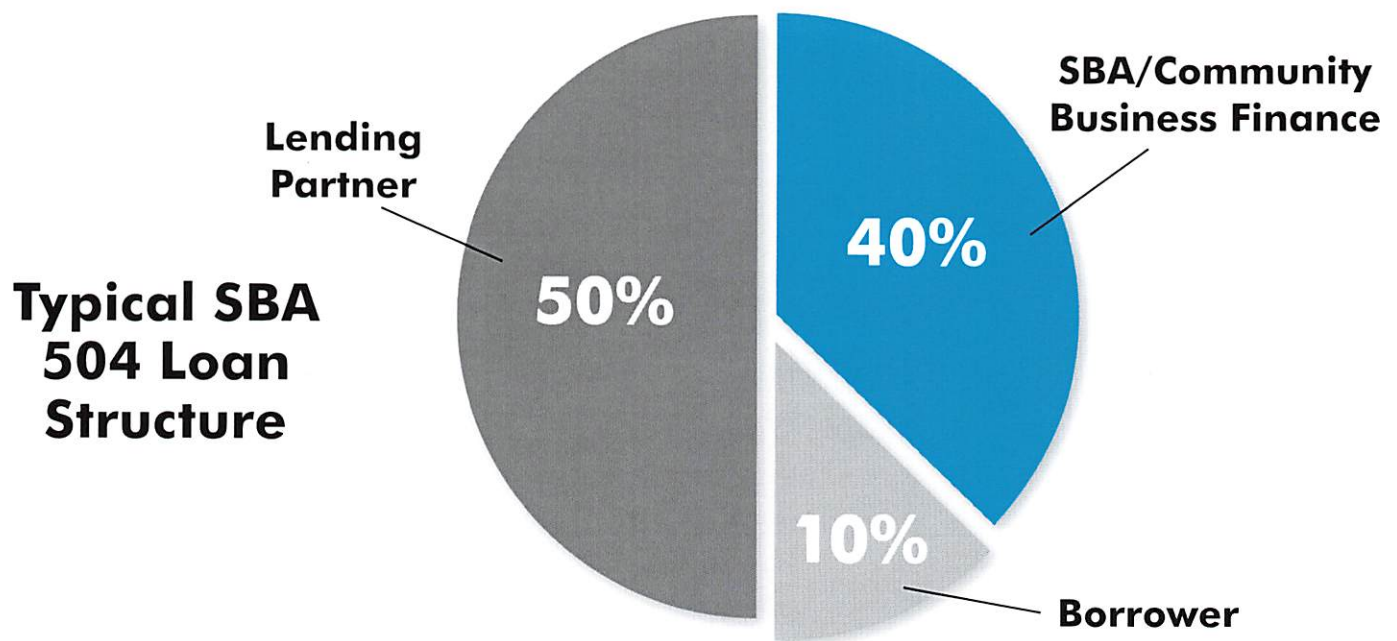
- Women, minority, or veteran owned (ownership of 51% or more)
- Rural development
- Revitalizing economic development areas
- Expanding exports
- Projects that reduce energy consumption by at least 10% or generate renewable energy or fuels

## BENEFITS FOR LENDING PARTNERS

- Minimize credit risk – minimizes collateral risk for the lender by having a 1st lien position at 50% or better loan-to-value
- Satisfy current customers – allows you to offer longer terms, fixed interest rates, and low down payments to your customers
- Attract new customers – designed to finance new and expanding businesses; purchasing a facility is often a borrower's biggest business loan, and offers an opportunity to create an entire banking relationship
- CRA credits – banks that participate in the SBA 504 Loan Program are eligible for Community Reinvestment Act (CRA) credit on certain projects

## BENEFITS FOR BORROWERS

- Lower equity injection, which conserves working capital and retains liquidity to meet operating needs
- Long term fixed rate financing
- Eligible soft costs may be rolled into the project financing



## WELCOME TO COMMUNITY BUSINESS FINANCE

Community Business Finance is dedicated to providing business loans for business dreams. Since 2005, we have provided low-interest, fixed-rate loans to companies throughout Texas and Louisiana. Our 504 Loan Program has helped hundreds of businesses borrow more than \$200 million to expand their operations and create new jobs.

Community Business Finance is proud to be an expert in the 504 Loan Program. Our knowledge and years of experience provide the foundation for a faster, easier financing process. We bring the right people together to create a partnership whose mission is to make your business dreams come true and create a brighter economic future.

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