

## SBA 504 AND SBA 7(A) LOAN PROGRAM SUMMARY

<b>PROPERTY TYPE:</b>	The SBA 504 and SBA 7(a) loans are available for owner occupied general purpose properties of all types, business expansion and acquisitions, minority owned businesses and business start-ups. Office Buildings, Medical Office, Industrial, and Retail properties can be financed as long as they are 51% owner occupied. SBA Financing is also available for long term fixed asset financing, equipment, land, construction and renovation of owner occupied buildings.
<b>PROPERTY AGE:</b>	New construction or rehabilitation of existing owner occupied real estate.
<b>PREFERRED LOAN SIZE:</b>	The 7(a) Program is capped at a maximum of \$2 million in most cases. The SBA 504 Program is set at \$1.3 million for the SBA portion; up to \$5 million for the lender portion.
<b>LOAN LIMITS:</b>	The loan typically will not exceed 80% of the value, but in certain circumstances, a loan to value of 90% is allowed. The business must be operated for profit and fall within the size standards set by the SBA.
<b>OCCUPANCY REQUIREMENTS:</b>	The property must be at least 51% owner occupied. However, improvements in the non-owner occupied portion cannot be financed.
<b>BORROWING ENTITY:</b>	Generally, a single purpose entity is required.
<b>LOAN TERM:</b>	5 to 10 years for working capital; up to 15 years for machinery and equipment or up to 25 years for real estate.
<b>RATES:</b>	Interest rates are set at a fixed spread over comparable term Federal Home Loan Bank (FHLB) advance rate. Both fixed and variable rate programs are available. Please call for current spread requirements.
<b>GUARANTEES:</b>	For many types of SBA loans, the assets being financed, such as equipment or real estate serve as collateral. To secure an SBA loan, the principal owners must have acceptable personal credit histories, and may have to pledge available business and personally owned assets, along with the personal guarantees of owners with 20% or more ownership of the business.
<b>RESERVES:</b>	Tax and insurance impounds are required on real estate loans.
<b>PREPAYMENT:</b>	Varies from program to program. While the SBA portion of the 504 loan program does not allow any prepayment for the first 10 years, the 7(a) program has declining fixed percentages matching the fixed period. Usually open to pre-payment without penalty after the initial fixed period.
<b>USE OF PROCEEDS:</b>	Loans are available for both purchase and re-finance transactions.
<b>THE NEXT STEP:</b>	Call for our current rates and spreads. We provide a quick response and free estimates.