

SBA - 504 Loan

Purpose: Purchase of Real Estate or fixed assets of a capital nature

Loan Amount: Up to \$6,000,000 - First Mortgage loan is approximately 50% of total project costs; 2nd mortgage / SBA Debenture is 30-40% of total project costs; and owner's equity injection is 10-20% of total project costs.

Interest Rate: Fixed: FHLB* plus spread. Variable: WSJ Prime plus spread *Federal Home Loan Bank Rate

Term: Up to 20 years, fully amortizing

Prepayment Penalty: Declining Scale

Fee: Minimum 1% origination fee plus customary closing costs

Collateral Position: 1st and 2nd Mortgage / Deeds of Trust; additional Collateral as required

Recourse: Full guarantee of all principals

LTV: Generally up to 90% of commercial real estate value

Diversity: Nationwide to a variety of Industries

Financial Data: **Business:** Three years of tax returns and financial statements (if available). One year of projections for existing businesses or two years for start-ups

Personal: Three years of tax returns and current financial statement of owners with 20% or more ownership

Third Party Reports: Appraisal and environmental study