

# YOUR SBA 504 LOAN GUIDE

The U. S. Small Business Administration (SBA) created the 504 loan program in 1980 to provide accessible financing for growing businesses seeking owner-occupied commercial real estate.



## 504 BENEFITS FOR BUSINESSES

As little as 10% down payment to preserve working capital

No additional collateral required

Decreased risk for lenders

No limit on total project costs

Below-market FIXED rates, 20 year and 10 year terms

### Maximums on SBA Loan Portions

- \$5.0 million for most projects
- \$5.5 million for manufacturing projects
- \$5.5 million when “Go Green” initiatives are met
- No maximum limit placed on total project cost or lender’s first mortgage

### How Funds May Be Used

- Acquisition of an existing building (51% occupancy)
- Building expansion or renovations
- Equipment
- Fixed assets from business acquisition
- Land and new construction

### Borrower Contribution

- As little as 10% down payment for most loans
- 15% for start-up businesses (within two years) or special-use properties
- 20% if project is a start-up and a special-use property

### Program Goals

- Job creation
- Expansion of lending to women, minorities and veterans
- Assisting U.S. manufacturing
- Rural and underserved area development
- Expansion of lending to businesses that “Go Green”

### Go Green Qualifications

- LEED certified buildings
- Projects that reduce energy consumption by at least 10%
- Projects that generate renewable energy
- Qualify for purchase of multiple properties (no cap)
- Unlimited total project cost (SBA portion capped at \$5.5 million)

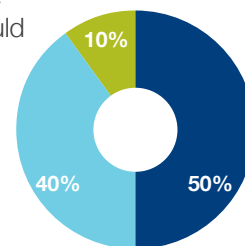
### ARE YOU QUALIFIED?

- ✓ Private, for-profit businesses in the U.S.
- ✓ Seeking financing for equipment or an owner-occupied building (minimum 51%)

### How is an SBA 504 loan structured?

Using the example of a \$4 million purchase with improvements of an additional \$1 million, the financing for a project totalling \$5 million would look like this:

Conventional loan (1st)	\$2,500,000	50%
SBA 504 loan (2nd)	\$2,000,000	40%
Owner down payment	\$500,000	10%
<b>Total project</b>	<b>\$5,000,000</b>	<b>100%</b>



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TMC is a leading Certified Development Company (CDC)

# WHY CHOOSE 504 FINANCING?

- Did You Know?**
- Most privately held companies are eligible for SBA financing.
  - SBA 504 Program provides up to 90% financing that helps owners preserve working capital
  - SBA 504 provides special savings for U.S. Veteran-owned businesses
  - An unlimited number of SBA 504 loans are available, even if 504 and 7a borrowing limits were already met (when businesses “go green”)

	504	7A	CONVENTIONAL
<b>Project Size</b>	No Maximum	Maximum Loan Amount \$5 MM	No Maximum
<b>Down Payment</b>	10% Minimum	10 - 15% Minimum	25 – 40%
<b>Fees</b>	Included in SBA Loan Amount at approx. 2.65%	Paid out of pocket at 2% to 3.75% of the Loan Amount	Paid out of pocket at approx. 1%
<b>Interest Rates</b>	SBA 2nd Loan at Below-Market, Fixed-Rates for 20 Years	Typically Variable Rate Tied to Prime	Varies by Lender
<b>Collateral</b>	No Additional Collateral Required	Additional Collateral Typically Required for 90% Financing	Typically No Additional Collateral
<b>Prepayment Penalty</b>	Yes — 10 years, declining each year	Yes — Typically 3 years	Varies by Lender

See your monthly 504 payments: [calculator.tmcfinancing.com](http://calculator.tmcfinancing.com)

## Why Choose TMC?

- Over 30 years specializing in SBA 504 Financing
- Quick and efficient decision-making
- Seamless coordination throughout the entire process
- Local teams who know your challenges and needs
- #1 SBA 504 Lender in Northern California & Southern Nevada

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