



CDC New England

SBA 504 Loan Program

www.cdcnewengland.com

THE SBA 504 PROGRAM PROVIDES AN IDEAL FINANCING OPTION FOR:

- Customers seeking lower down payments in order to preserve cash for working capital.
- Customers seeking to lock-in a portion of their financing at a fixed rate for a 10, 20 or 25 year period.
- Special-use property acquisitions with higher down payments typically required by banks.

ELIGIBLE BORROWERS:

- For-profit businesses.
- 98% of for-profit businesses in New England are eligible.
- 51% occupancy for acquisition of existing real estate.
- 60% occupancy for new construction.

ELIGIBLE USE OF FUNDS:

- Purchase land, purchase a building, or construct a building.
- Modernize, renovate or improve building.
- Purchase machinery and equipment with 10 year useful life or longer.
- Refinancing of up to 100% (using existing equity), including existing SBA loans, when the project involves expansion or improvement of commercial real estate.
- Refinancing existing eligible debt (up to 100%) with cash out for up to 18 months of business expenses if requested. No SBA/Govt Gtd debt may be refinanced with this program. Some level of Working Capital Financing may be refinanced.
- Maximum project size: no limit.
- Maximum 504 loan: \$5 million.
- Maximum 504 loan for manufacturing and energy projects: \$5.5 million per project.

INELIGIBLE BORROWERS INCLUDE:

- Non profits.
- Speculative development.
- Lending institutions.
- Gambling concerns and private clubs.

INELIGIBLE USE OF FUNDS:

- Goodwill.
- Working capital (except refi program).
- Inventory.
- Rolling stock (vehicles).

BANK PARTICIPATION:

- Minimum 10 year term on real estate, minimum 7 year term on machinery and equipment.
- Market rate and fees.
- Covenants established by lender.

504 APPROVAL PROCESS:

- CDC New England can usually deliver an approval 2-3 days after SBA receipt of a completed application.

504 PROCESSING & GUARANTEE FEES:

- SBA fees are subject to change – contact us for more information.

OTHER REQUIREMENTS:

- Personal guarantee by 20% or greater owner of operating company and/or real estate entity.



CDC New England

SBA 504 Loan Program

www.cdcnewengland.com

CDC New England is a Certified Development Company providing SBA 504 loans throughout New England. With over 38 years of lending history, CDC New England, along with its affiliate, BDC Capital, manages a portfolio in excess of \$650 million.

THE PROGRAM: SBA 504

- Commercial loans for businesses acquiring fixed assets.
- Fixed rate below market financing.
- Financing for real estate and equipment.
- Term of 20 or 25 years for real estate, 10 years or longer for equipment.
- The asset may be owned by a separate entity.

ADVANTAGES OF SBA 504:

- Long-term below market fixed rate financing.
- Borrower equity requirement as low as 10%.
- Customer can obtain up to 90% financing.
- Bank can participate in larger transactions.
- Bank enjoys first lien at 50% LTV at market rate.
- Bank sets its own rates and fees.
- Borrower receives an expedited closing and low legal fees.

THE PRODUCT: SBA 504 LOAN

Structure:

- 50% Bank in 1st Lien
- 40% 504 in 2nd Lien
- 10% Equity
- Start-up or Special Purpose Building will require 15% equity.
- Start-up and Special Purpose Building will require 20% equity.

EXAMPLE:

| | BANK | CDC/SBA | BORROWER | TOTAL |
|---------------|------------|----------------|-----------|-------------|
| LOAN AMOUNT | \$500,000 | \$400,000 | \$100,000 | \$1,000,000 |
| %OF PROJECT | 50% | 40% | 10% | |
| TERM | 10 YR NOTE | 20 or 25 YEARS | EQUITY | |
| INTEREST RATE | MARKET | FIXED | | |
| COLLATERAL | 1st LIEN | 2nd LIEN | | |

Contact CDC New England at 781-928-1100