

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)

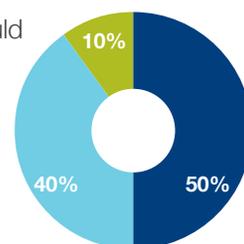
ARE YOU QUALIFIED?

- ✓ 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%
Total project	\$5,000,000	100%



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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
Project Size	No Maximum	Maximum Loan Amount \$5 MM	No Maximum
Down Payment	10% Minimum	10 - 15% Minimum	25 – 40%
Fees	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%
Interest Rates	SBA 2nd Loan at Below-Market, Fixed-Rates for 20 Years	Typically Variable Rate Tied to Prime	Varies by Lender
Collateral	No Additional Collateral Required	Additional Collateral Typically Required for 90% Financing	Typically No Additional Collateral
Prepayment Penalty	Yes — 10 years, declining each year	Yes — Typically 3 years	Varies by Lender

See your monthly 504 payments: 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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