




THE SBA 504 LOAN PROGRAM GUIDE:

We're here to
help your small
business grow.



We offer financing so you can
acquire the assets you need, like
commercial land, building,
long-life machinery, and more.

Let ownership be the upgrade you didn't know
that you could afford—with less cash upfront,
lower long-term costs, and more buying
power. The majority of for-profit creditworthy
small businesses qualify for financing.

FCF
First Capital
Finance

FFC
Florida First
Capital

FLORIDA'S #1
SBA 504 LENDER

How it works

Loan Structure

SBA 504 loans include funds from three different sources to help small business owners access increased financing:

- 50% comes from an SBA-approved commercial lending partner; this will be the 1st mortgage holder
- 40% comes from FCF/FFC and is backed by the SBA; this will be the 2nd mortgage holder
- 10% is contributed by the small business itself

Maximum Amount

There is no maximum amount for the commercial lending partner's portion. The 40% from FCF/FFC & the SBA can total:

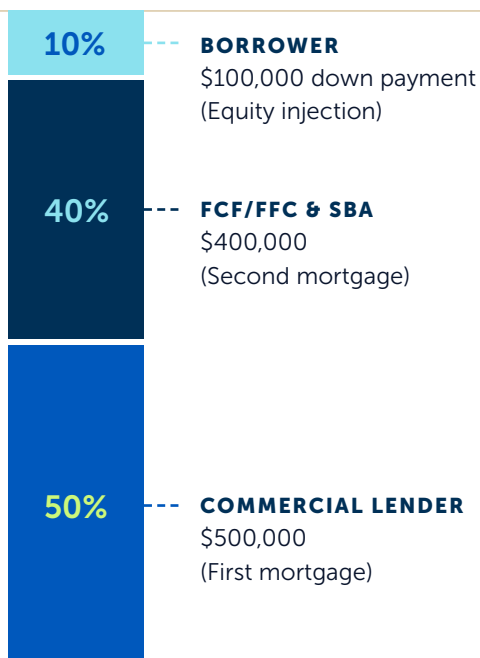
- Up to \$5 million for standard 504 projects
- Up to \$5.5 million for 504 energy efficient green projects
- Up to \$5.5 million for eligible small manufacturing project with no limit on total SBA dollars available

IF YOUR BUSINESS IS IN FLORIDA: your commercial lending partner can also use the 504 Bridge Loan Program, which provides bridge loan funds to cover all or part of the second mortgage during the interim period until the permanent SBA second mortgage takeout occurs.

Example: \$1 Million Project

For a \$1 million purchase with improvements, the loan structure and use of funds could resemble the following:

Loan Structure:



Use of Funds:



The fine print

Qualifications

Your small business must have a tangible net worth of less than \$20 million and a net income average of \$6.5 million or less per year (after taxes) for the preceding two years.

Eligible Use of Funds

- Land and acquisition of existing building or new construction
- Building expansion/renovation
- FF&E and improvements (parking lots, landscaping, etc.)
- Long-life fixed machinery and equipment
- Debt refinancing (with or without expansion)
- Associated fees and soft costs may be financed into the loan

Interest Rates & Terms

SBA 504 loan rates are fixed, not adjustable, so the rate that you lock into will not vary—the SBA updates its closing rates monthly based upon program costs & the rate of U.S. Treasury Bond sales. Your rate will be below-market; for the current interest rate, visit eaglecompliance504.com

Loan terms of 10, 20, or 25-years are available for commercial real estate and/or long-life fixed machinery & equipment. The borrower makes equal payments for the whole loan period, and there are no balloon payments at the end.

Borrower Down Payment

In most cases, borrower down payment will be 10% of the loan. If the business is a start-up that has been operating less than two years, the down payment will be 15%. If the project is both a start-up *and* a special purpose property, the down payment will be 20%.

OWNER OCCUPANCY REQUIREMENT TIP: for existing facilities/buildings, 51% of the space must be occupied by the borrower.

Application Checklist

- ✓ Personal financial statement for all owners of 20% or more
- ✓ Last 2 years of personal tax returns for all owners of 20% or more
- ✓ Last 2 years of corporate tax returns
- ✓ Current profit/loss statement, balance sheet, & debt schedule for existing business (AR/AP if applicable)
- ✓ Resume for all owners, corporate officers, and key employees
- ✓ Executed purchase agreement or letter of intent
- ✓ A construction bid and FF&E quotes from a third party, if applicable
- ✓ If any owners have affiliation in any other companies, provide the last 2 years of tax returns and current interim financial statements on those companies
- ✓ If the business is a new business or is expanding, provide 2 years of projections
- ✓ Completed FCF/FFC SBA 504 Loan Application Form for all owners, corporate officers, and directors





FAQs

■ What is the definition of a new business?

A: A new business is one that has been in operations for 2 years or less at the time the loan is approved. A business that has been in operation for more than 2 years at the time the loan is approved may also be considered a new business if there has been a change of ownership that will result in new, unproven ownership/management and increased debt unrelated to company operations. Operations are deemed to begin when the business begins generating revenue from its intended activities.

■ Are special use properties allowed?

A: Yes. A limited-market property has a unique physical design, special construction materials, or a layout that restricts its utility—for example, car washes, hotels, gas stations, etc. Businesses with a limited or special purpose property must inject 15%.

■ Can there be more than one project funded by an SBA 504 loan?

A: Yes, as long as the outstanding balance is less than \$5 million (or less than \$16.5 million for a manufacturer with up to 3 loans) and the borrower is prepared to inject a 15% down payment.

■ Can I refinance a loan under the 504 Program?

Yes. The 504 Debt Refinancing Program allows small business owners to refinance up to 90% of the current appraised property value without the requirement of expansion. Eligible business operating expenses (cash-out option) may also be included.

■ Can I roll my soft costs into my SBA 504 loan?

A: Yes. Any appraisals, environmental reports, architectural or engineering fees, as well as equipment installation and closing costs can be part of your loan, reducing your out-of-pocket expenses.

■ How long does it take to close a 504 loan?

A: Approximately 45 to 60 working days on a straight acquisition project. Closing times may vary depending on the complexity of the project.

FIND OUT WHAT AN SBA 504 LOAN CAN DO FOR YOUR BUSINESS:

➤ answers@firstcapital.org

🖥️ firstcapital.org

📞 800.504.LOAN

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