

Chesapeake Business Finance Corp.

Recent SBA 504 Loan Approvals and Important Program Changes

\$1,300,000

SBA 504 Subordinated Deed of Trust

LDSG Amusements LLC

With interim and senior financing from

New Windsor State Bank

\$2,275,000

SBA 504 Subordinated Deed of Trust

Guru Krupa Mgt, LLC

With interim and senior financing from

Cecil Bank

The business is a family amusement center in Westminster, MD with laser tag, mini glo-golf, bumper cars, batting cages and attractions. The project is the purchase of their property and upgrading their facilities for growth.

Purchase	\$ 2,410,000
Renovation	378,000
Equipment/other	<u>462,000</u>
Uses	3,250,000
Bank - 1st deed of trust	1,625,000
SBA 504 - 2nd deed of trust	1,300,000
Owners - 10%	<u>325,000</u>
Sources	\$ 3,250,000

The business is an 82 room Comfort Inn Suites hotel on Interstate 95 in Elkton, MD. The project is the purchase and renovation of the property, built in 2009, by new owners.

Property	\$ 6,100,000
Renovation/equipment/other	<u>400,000</u>
Uses	6,500,000
Bank - 1st deed of trust	3,250,000
SBA 504 - 2nd deed of trust	2,275,000
Owners - 15%	<u>975,000</u>
Sources	\$ 6,500,000

Current 504 loan rates are 5.07% fixed for 20 years.

The 504 loan program provides long-term, fixed-rate, below-market, subordinated loans to businesses for the purchase of owner-occupied commercial property and equipment, and/or leasehold improvements and related soft costs and some refinancing - usually with only 10% down.

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Recent changes to the 504 program:

- The borrower's individual personal resources limit is eliminated Business owners don't need to invest more than 10% (more for start-ups and special-purpose properties) of the project cost.
- Elimination of "nine-month look-back" rule for project costs - All reasonable documented project costs can be included as part of the owner's investment.
- Revised bank supplemental collateral requirements - SBA has relaxed the requirements for subordinate liens on supplemental collateral.

Innovative 504 deal structuring -- did you know:

- Leased land - SBA 504 loans can be for properties on leased land - such as shopping center pad sites.
- Leasehold improvements - SBA 504 loans can be for leasehold improvements and FF&E on properties leased from others.
- Refinancings - SBA 504 can refinance existing debt if the refinanced portion is not more than 50% of the acquisition, construction or improvement of land, building or equipment in the project
- Partner buy-outs - SBA 504 can finance partner buyouts - if structured as an asset purchase, buyer doesn't take out cash, the seller is out, and the appraisal is submitted with the application

Chesapeake provides SBA 504 loans in Maryland, Northern Virginia, Washington DC and Southern Delaware. Contact any one of us at Chesapeake to learn more the SBA 504 loan program.

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Visit our website for more program details:

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Chesapeake is a Section 504 Certified Development Corporation