

Chesapeake Business Finance Corp.

SBA 504 Loan Program – Fact Sheet

Benefits for Borrower	High loan-to-value financing to purchase, build or renovate owner-occupied commercial real estate or purchase equipment. Allows borrower to build-up equity, control property and benefit from improvements. Can improve cash flow through long-term, fixed-rate, below-market loans. Can include leasehold improvements and furniture, fixtures & equipment. <ul style="list-style-type: none">• Low cash down (10%) for purchase of owner-occupied property (extra 5% for special purpose or start-up)• No extra collateral such as second mortgages on residences (usually)• Long-term fixed rates, lower interest and lower monthly payments
Eligible Borrowers	For-profit businesses having a book net worth (including affiliates) under \$15 million and net income after taxes under \$5 million or manufacturers with under 500 employees and wholesalers with under 100 employees
Eligible uses	Purchase of land, building, and equipment; renovation or construction, leasehold improvements, some refinancing of eligible existing loans, soft costs for the loan.
Ineligible uses	Working capital, financing of non-profit entities, investment property, most refinance
Refinancing	Must be not be for more than half of purchase and/or construction, renovation, equipment
Total financing requests	\$500,000 to \$20 million
SBA 504 Loan amounts	* Up to \$5 million * Up to \$5.5 million for manufacturers & energy generation
Interest rates	Approximately 2-2.5% over 10 year Treasury Bonds (currently 4.8%)
Term	20 yrs for land and building; 10 yrs for equipment; level mo. payments
Requirements	<ul style="list-style-type: none">• A subordinated lien or deed of trust on the assets financed• A senior (bank) loan for at least 50% of the total project cost• Sufficient projected cash flow to repay all financing
Advantages for lender	Better loan-to-value; better cash flow for borrower; long-term fixed rates
Fees and prepayment	<ul style="list-style-type: none">• Declining prepayment penalty for first half of 504 loan term• SBA pays fees of 2.6% of 504 loan – which borrower repays over the term of the loan.
Geographic market	Maryland, District of Columbia, Northern Virginia, and Southern Delaware
Contacts	John Sower at 202-625-4373, Dave Daniels at 443-878-8080, Tom Turner at 410-564-9085 Michael Schwartz at 301-325-2374
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