

# Chesapeake Business Finance Corp.

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## 504 Updates

### Chesapeake Expands

Chesapeake's has expanded its market area to include Washington, DC! Chesapeake can now assist DC area lenders to provide SBA 504 subordinated loans to businesses in the District of Columbia. Chesapeake has also expanded into Harford County – just north of Baltimore.

### SBA 504 rates are at historic lows

SBA 504 loan rates are at their historic lows! In April the 10 year rates were 5.19% and the 20 year rates were 6.23%. The 20 year Section 504 loan rates are typically 3-3.25% over 10 year Treasuries. Interest rates are expected to rise in the future, and now is a good time for borrowers to “lock-in” low, long-term, fixed interest rates.

### Loan Program Summary

Chesapeake Business Finance Corp provides SBA 504 financing:

- \* Second mortgages on owner-occupied business property
- \* Low cash down (10%) – and high Loan-to-Value (90%)
- \* Purchase of property or equipment – plus renovation or new construction and soft costs
- \* Historically low (6-6.5%), long-term (20 years), fixed-rate, subordinated loans
- \* No liens on personal residences or other side collateral.
- \* Free telephone deal reviews by experienced professionals

### SBA 504 vs 7a loan programs

The 504 program is better than the 7a program when:

- \* The loan request is larger – Many SBA 504 loans of \$1 - \$1.3 million are subordinated to first mortgages from lenders of \$2-4 million, for total project financing of \$3-5 million.
- \* Liens on personal residences – The SBA 504 program provides low-cash down financing without liens on personal residences or other outside real estate collateral.
- \* Fixed rates – The SBA 504 loan program offers long-term, fixed rates – which are now at historic lows of 6.0 – 6.5%

### Mezzanine loans

In addition to SBA 504 loans, Chesapeake also helps provide subordinated mezzanine loans for working capital from the Penn Mezzanine Fund – which is “gap” financing for rapidly growing firms, management buy-outs, acquisitions, and re-capitalizations. Please call John Sower to discuss prospective mezzanine financing.