

Chesapeake Business Finance Corp.

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504 Updates

Chesapeake Expands Again

Chesapeake has expanded again to include all of Maryland!

Chesapeake now can provide 504 financing to businesses in Anne Arundel, Howard and Prince George's Counties – in addition to all other counties in Maryland, the District of Columbia, Southern Delaware and Arlington County, Virginia.

Rates are Falling

After increasing in August, SBA 504 interest rates have decreased for the past two months and were approximately 6.3% in October for 20 year debentures and 5.7% for 10 year debentures.

Larger 504 Loans

Both the Senate and the House of Representatives have passed bills allowing larger SBA 504 loans!

SBA 504 maximum loan size will increase to either \$1.5 million or \$2 million for most loans and \$2.0 or \$2.5 million for loans meeting specific policy goals – depending on whether the House or Senate version is adopted. Also, the maximum SBA 504 loan to manufacturing companies will increase to \$4 million. The Committee Conferees are expected to resolve the issue in the near future.

Loan Program Summary

Chesapeake Business Finance Corp provides SBA 504 financing:

- * Second mortgages on owner-occupied commercial 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 interest rate (6-6.5%), long-term (20 years), fixed-rate, subordinated loans
- * No liens on personal residences or other side collateral.

Typical SBA 504 Loan Structure

<u>Uses of funds</u>		<u>Sources of funds</u>	
Purchase property	\$ 3,400,000	Commercial lender	\$ 2,335,000 – 58% 1 st mortgage
Renovation	500,000	SBA 504/BFC	1,265,000 – 32% 2 nd mortgage
Closing costs/other	<u>100,000</u>	Business/owner	<u>400,000</u> – 10% equity
Total	\$ 4,000,000	Total	\$ 4,000,000