LENDING INSIGHTS

Commercial & Industrial SBA 504 Loans

SBA 504 Loans | Finance of Small Business Commercial Real Estate Opportunities

Leveraging the **AssetMark Loan Marketplace,** *powered by Community Capital*, the Client Lending Team helps clients find SBA 504 financing for small businesses real estate.

SBA 504 Loan Terms	
Variable	**Typical Terms**
$ Amounts	Usually start about $500K; up to $5.5MM
Interest Rate Type	Fixed Rate
Base Interest Rate	10-year US Treasuries (typically)
Loan Type	Term Loan
Collateral	Mortgage on real estate property
Loan Term	10, 20, or 25 years
Amortization Term	Up to 25 years
Loan-to-Value	Up to 90%
Debt Service Coverage Ratio	1.25x or higher (typically)
Personal Guaranties	Required of owners
Loan Fees	Can vary by lender

An SBA 504 loan is secured by a mortgage on a commercial real estate property. These loans can be used for property acquisition, construction financing, or refinancing existing debt. Unlike SBA 7(a) loans, which are secured by a lien on all corporate assets, SBA 504 loans are specifically for commercial property and long-term machinery with at least 10 years of useful life remaining. *Note: Multi-family real estate is not eligible under the SBA 504 program*.

Banks & other lenders work with Certified Development Companies (CDCs) to underwrite SBA 504 loans. Final approval is provided by the U.S. government, which also guarantees a portion of the loan. The SBA 504 program was established to ensure loan availability for U.S. small business owners. Although many lenders and CDCs can originate SBA 504 loans, working with experienced SBA 504 lenders and CDC teams is very beneficial.

If you have a client in need of an SBA 504 loan, Community Capital and the AssetMark Lending Team can help.

Key Questions for Clients Interested in SBA 504 Lending

- Does the client have SBA 504 Lending experience?
- What is the loan purpose?
- What is the requested loan amount?
- What is the client's timeline for loan closing?
- Does the client have an existing bank relationship?
- Does the client need help preparing an underwriting package to share with a potential lender?

Typical SBA 504 Loan Underwriting Needs

- 3-years of financial statements for the property
- Recent property appraisals and environmental studies
- Construction plan & budget (for construction finance)
- Personal financial statement for the guarantor(s)
- 3-years of tax returns for the guarantor(s) (incl. K-1s)

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To learn more about the **AssetMark Loan Marketplace**, *powered by Community Capital*, please contact:

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