SBA 504 Loan Program

**LiftFund** is a nonprofit, economic development organization certified by the U.S. Small Business Administration (SBA) to process, administer and service SBA 504 loans in the State of Texas & New Mexico, as well as rural counties in Oklahoma, Arkansas, and Louisiana.

**What is 504?**
- 504 is a loan program created by the SBA to finance the commercial real estate and equipment needs of small businesses
- The program offers up to 25 year terms at below market fixed interest rates

**What Can 504 Finance?**
- Purchase of land (with intention to build)
- Purchase of existing building
- Construction of new buildings
- Renovating, expanding, or upgrading existing buildings
- Machinery and equipment with useful life of 10 or more years
- Some furniture, fixtures and equipment
- Debt Refinancing

**Why Do Successful Lenders Use 504?**
- Participating lenders receive a "first lien" position on project property
- A low loan-to-value strengthens lender's loan portfolio
- The program's fixed interest rate can help the lender be more competitive
- Most soft costs may be rolled into the project financing
- Helps to get projects done when borrowers don't have enough equity
How Much Does the Borrower Need to Put Down?

- 10% (in most cases)
- 15% for start-up businesses (less than 2 years) or special-purpose facilities
- 20% if the project is both a start-up and a special-purpose facility

How Much Can a Business Borrow?

There is no limit to the total project cost. However, the SBA portion of the 504 financing cannot exceed:

- $5 million
- $5.5 million for manufacturers or green energy efficiency projects
- No maximum limit placed on a participating lender's loan portion

Typical Financing Structure

- Bank Loan (1st Lien) 50%
- SBA/CDC Loan (2nd Lien) 40%
- Owner’s Equity 10%

What 504 Cannot Be Used For:

- Working capital and inventory
- Real estate investment properties
- Goodwill
- Automobiles, trucks and other rolling stock
- Tenant improvements
- Franchise fees

Sample 504 Projects Financed:

- Medical/Dental/Veterinarians
  - Offices and clinics
  - Outpatient surgery centers
  - Hospitals and labs
- Suppliers/Wholesalers
  - General warehouses and cold storage
  - Import/Export/Freight-forwarding
  - Food and produce suppliers
- Manufacturers
  - Industrial and consumer
  - Steel and pipe fabrication
  - Food processing
  - Chemical plants
  - Automotive industry suppliers
  - High-tech
- Retail/Franchise Businesses
- And many more...

For More Information, Contact our Experienced Lending Team:

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