

# 504 Loan Program

ARE YOU LOOKING TO EXPAND, REPLACE AND/OR PURCHASE  
REAL ESTATE OR HEAVY EQUIPMENT FOR YOUR SMALL BUSINESS?

## Expand Your Possibilities

The U.S. Small Business Administration 504 Certified Development Company Loan program conserves your working capital by requiring only a 10 percent borrower contribution.\* If you do not qualify for conventional financing, the SBA-backed 504 loan may be right for you.

Certified Development Companies (CDCs) are nonprofit corporations that promote economic development within their communities through 504 loans. The SBA authorizes CDCs to provide financing to small businesses with the help of third-party lenders (typically banks).

**Maximum SBA loan amount:** Loans are generally capped at \$5 million. Certain eligible energy-efficient or manufacturing projects may qualify for more than one 504 loan up to \$5.5 million each.

**Interest rate:** Below-market interest rates are fixed for the life of the loan.

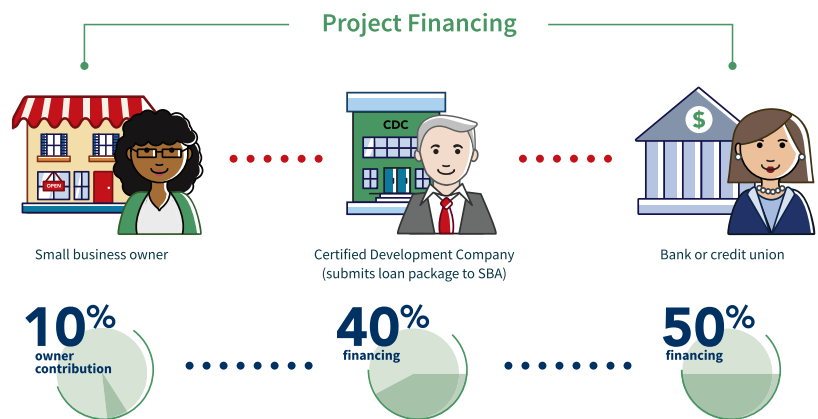
**Required equity:** A low down payment (10 percent in most cases) conserves your working capital.

**Terms:** 10, 20 or 25 year terms

**Use of proceeds:** Long-term, fixed assets for expansion or modernization (usually real estate or large equipment). Refinancing of large equipment and/or owner-occupied commercial real estate may also be possible.

## Need Help?

Contact your local SBA district office at [sba.gov/tools/local-assistance](https://sba.gov/tools/local-assistance).



## FOR BORROWERS

## How it Works

The CDC will coordinate and structure the financing package between the parties. The 504 loan consists of a conventional first mortgage, typically for 50 percent of the project cost, from a third-party lender. The SBA-backed portion of the 504 loan will be a second mortgage, financing up to 40 percent of eligible project costs. The remaining 10 percent will be your small business owner contribution. Under certain circumstances, you may be required to contribute up to 20 percent of the total project cost.\*

\*Startup and special-purpose properties may require an additional contribution from the borrower.



U.S. Small Business Administration

[SBA.gov](https://sba.gov)