



arizona
Capital Source

SBA 504 Quick Reference

Loan Size	\$50,000 to \$5,000,000 (\$5,500,000 in some cases)
Loan Program Requirements	<ul style="list-style-type: none"> ➤ 51% Owner occupancy required for existing building ➤ 60% Owner occupancy required for new construction
Eligible Business Size	<ul style="list-style-type: none"> ➤ Business Net Worth not to exceed \$15,000,000 and ➤ Average Net Profit after taxes for 2 consecutive years not to exceed \$5MM ➤ OR, Meet 7(a) program Requirements
Terms Available	25, 20, or 10 Year Fully Amortized – No Balloon Payment
Interest Rate	<ul style="list-style-type: none"> ➤ Fixed and fully amortized through the term of the loan ➤ Rate is set monthly at the time of debenture funding
Max Financing: Purchase and/or Construction	<ul style="list-style-type: none"> ➤ Up to 90% Financing ➤ Structure typically: 50% Bank Loan, 40% SBA Loan, 10% Injection ➤ Additional 5% injection required for Special Purpose Properties or New Business – Additional 10% if both
Some Eligible Project Costs: Purchase and/or Construction	<ul style="list-style-type: none"> ➤ Purchase Existing Building ➤ Land Acquisition and Ground Up Construction ➤ Expansion of Existing Building, Finance Building Improvements ➤ Purchase Equipment
Loan Fees	<ul style="list-style-type: none"> ➤ Approx. 2.15% plus \$2,500 Closing Fee, Fees are Financed ➤ SBA Participation Fee of 0.5% charged to Third Party Lender

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Ineligible Project Costs	<ul style="list-style-type: none"> ➤ Working Capital / Inventory ➤ Franchise Fees ➤ Business Value / Good Will
Collateral	<ul style="list-style-type: none"> ➤ Generally, the project assets being financed are used as collateral ➤ Personal guaranties of the principals with 20% or more ownership required

504 Debt Refinance Program

Loan Program Requirements	<ul style="list-style-type: none"> ➤ Business (operating company) must be at least 2 years old. ➤ Must Include “Qualified Debt”, defined as debt used to acquire fixed assets that would have been eligible for financing under the regular 504 program; and these assets were provided to the lender as collateral ➤ Project can also include cash-out for “Business Expenses”, defined as business operating expenses that will become due within 18 months after authorization, e.g. A/P, payroll, Credit Cards, LOC’s, rent, inventory, utilities, etc. ➤ Refinanced Debt must be at least 6 months old ➤ Debt must be a commercial debt; residential mortgages not eligible ➤ May include an existing SBA 504 loan. Both the original 1st DoT loan and the SBA 504 loan must be refinanced (or the 1st DoT loan paid off) ➤ May include an existing SBA 7a Loan. Current 7a lender must provide in writing that it is either unwilling or unable to modify the current payment schedule. ➤ When refinancing existing SBA loans, the new installment amount must be at least 10 percent less than the existing installment amount(s); or the existing loan(s) has a remaining balloon payment of 5 yrs or less.
LTV Maximums	<ul style="list-style-type: none"> ➤ Refinance of “Qualified Debt” only: 90% LTV (additional collateral can be pledged if 90% LTV does not satisfy the existing debt). If Special Purpose, 85% LTV. ➤ Refinance with Cash-Out for “Business Expenses”: 85% LTV (cash-out portion cannot exceed 20% of the value of collateral)

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**CONTACT ONE OF OUR TEAM
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