

Monday, March 11, 2019

## Owner User and SBA 504 Loan Programs

Interest Rate Index	Adjustment Frequency	Multi-Use Properties Owner-User
<b>WSJ Prime</b>	<b>Quarterly</b>	5.750%
<b>5-Year Swap</b>	<b>Every 5 years</b>	4.872%
<b>7-Year Swap</b>	<b>Every 5 years</b>	4.916%
<b>10-Year Swap</b>	<b>Year 10, then every 5 yrs</b>	5.530%

\*The Debenture Rate for the second loan is fixed for **25 years**. March rates are **4.73%** in purchase & **4.76%** in refi transactions.

**Product Overview:** This program is designed for nationwide, owner-user, real estate loans where repayment is supported by the operating business cash flow from ongoing operations, and in the case of start-up business cash flow projections.

\* Usual 504 structure -- Lender: 50% 1st position loan; SBA: 40% 2nd position loan; Borrower: 10% down payment.

<b>Maximum Loan Amount</b>	\$11,250,000	\$11,250,000	\$12,375,000
<b>Maximum Debenture Amount</b>	Standard	Public Policy	Manufacturing
Gross Debenture	\$5,000,000	\$5,000,000	\$5,500,000
Debenture + Fees	\$5,000,000	\$5,000,000	\$5,500,000

\* IN SOME CASES THE 1ST POSITION LOAN MAY BE GREATER THAN 50%

\* SPECIAL USE PROPERTIES REQUIRE A LARGER DOWN PAYMENT

**Loan Type:** Typically, purchase of commercial real estate. 1st TD Refi is available in rate & term transactions and with SBA 2nd TD subordination. **SBA 504 Refinance program is back. For Conventional into SBA loans up to 90% LTV; cash out up to 85%. Please call for details. Construction program for TI's & Ground Up is available. Please call for details.**

**Eligibility:** For profit business with net worth of \$15MM or less and a net profit of \$5.0MM (after tax) averaged over the last 2 years. This is not an investor, multifamily or residential product.

**Loan Term and Amortization:** 1st TD Up to 25/25      2nd TD Debenture 20/20

**Rates:** 1st TD - Fixed or variable.  
 2nd TD Debenture: Fixed rate for the life of the loan, and rate is fixed at time of funding.  
 \*Note: Lender makes a 2nd TD interim loan with a term of up to 4 months, interest only until the Debenture is funded.

**Pre-Payment Penalty:** 1st TD Negotiated, but usually 5 or 10-year declining  
 2nd TD Debenture: 10-year, non-negotiable

## SBA 7(a) Loan Program

**Product Overview:** This program is designed for Nationwide, owner-user business loans where repayment is supported by business cash flow from ongoing operations, and in the case of start-up businesses cash flow projections. Up to 90% LTV, 85% for special purpose and start-ups.

**Maximum Loan Limit** \$5,000,000

**Loan Type:** Purchase or refinance commercial, industrial, retail real estate; purchase inventory, equipment, furniture; leasehold improvements; refinance debt; term working capital.

**Eligibility:** For profit business with net worth of \$15MM or less and a net profit of \$5.0MM (after tax) averaged over the last 2 years. This is not an investor, multifamily or residential product.

**Loan Term and Amortization:** **Term:** 10 years for business purposes; up to 25 years for real estate loans; the term is blended when the request is for combined purposes.

**Rates:** Loans are tied to Prime and variable, fixed rate terms up to 25 year fixed are now available for qualified borrowers. Arm rate adjusts on the 1st day of each calendar quarter, if there is a rate change in the previous quarter. Presently the rate is Prime + 0.50% to 2.00% (6.00% to 7.50%) for all loan requests. There is no floor or ceiling.

**Pre-Payment Penalty:** Loans with a term of more than 15 years require a 3 year prepayment penalty, 5% year 1, 3% Year 2 and 1% year 3.

## SBA 504 & 7(a) Guidelines

**Occupancy R/E:** Business must occupy at least 51% of the space. New Construction: 60% of the space then 80% within 10 years.

**Credit Report Requirements:** Principals should have a credit score of 675 or higher. Lower scores are acceptable with explanation.

**Debt to Income Ratios:** Minimum acceptable is 1 to 1 on the operating concern. 1.20 to 1 is preferable.

**HOW TO SUBMIT FOR A SOFT QUOTE:** Email or Fax Application, Credit Report, the last 3 years Business and Personal Tax Returns, YTD P&L's on Business, Business Debt Schedule, Business type, history and management resume & Property Info to [info@fbfloans.com](mailto:info@fbfloans.com) or (714) 908 - 5101 and we will respond generally in less than 24-48 hours, normally the same day.