



SBA 504 Loan Program

bladc.org

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Minnesota Business Finance Corporation (www.mbfc.org)

Loan Amount	SBA/MBFC portion \$50,000 to \$1,300,000
Use of Funds	Purchase land, buildings, equipment and related costs (fixed assets)
Term of Loan	20 years - real estate; 10 years - equipment
Rate of Interest	Set by SBA when loan funds
Down Payment (Equity)	10% - 20%
Typical Structure	Bank – 50%, MBFC/SBA – 40%, Equity – 10%
How Long Does it Take	Approval process – 2 to 3 weeks including final SBA approval
Collateral	Junior mortgage, junior security interest in equipment
Personal Guarantees	Yes, depending on ownership %
Eligible Projects	<ul style="list-style-type: none"> Land Site Improvements Acquisition of existing building Convert, expand or renovate existing building Construct new building Acquire and install machinery and equipment Professional fees directly attributable and essential to the project Interim financing costs
Ineligible Projects	<ul style="list-style-type: none"> Refinance of existing debt Incorporation and organization costs Counseling or management service fees Finders fees, broker fees, commitment fees, and application fees Origination fees on permanent lender financing Working capital Furniture, fixtures and equipment with a useful life less than 10 yrs Automobiles, trucks and airplanes Franchise fees
Job Creation Criteria	1 per \$50,000 of SBA loan amount unless public policy or Community Development goals apply
Fees	Depending on loan size; call for estimate