



SBA 504 Loan Program

bladc.org

ABOUT US | AREA ECONOMY | BUILDINGS/LAND | WORKFORCE | FINANCING | INFRASTRUCTURE | QUALITY OF LIFE

Minnesota Business Finance Corporation (www.cmdc1stop.com)

Loan Amount	Up to \$1.3 million in rural MN areas.
Use of Funds	Purchase, construction, improvement/renovation of commercial real estate
Term of Loan	10 years or 20 years depending on funds use. Real estate would be 20 years.
% of Financing Available	Up to 90% of project cost for multi-purpose buildings with an established company.
Rate of Interest	Varies depending on the bond market funding rates; however, once locked, the rate is fixed for the term of the loan (20 years fixed for real estate.)
Down Payment (Equity)	Typically 10% but may be up to 20% for a new company and/or limited use collateral. Equity may be in the form of subordinated financing ie state or local assistance such as TIF, Tax Abatement, MIF loans, etc.
Typical Structure	50% bank lender 1st mortgage/lien, 40% CMDC/SBA 2nd mortgage/lien, and 10% owner equity and/or subordinated debt.
How Long Does it Take	CMDC board reviews requests once a month. After CMDC approval, SBA review generally takes 10-14 days.
Collateral	Project real estate and/or equipment. Loan amounts will be limited to the lesser of project cost or appraised value.
Personal Guarantees	Required from all stockholders/partners holding of 20% or more ownership.
Eligible Projects	Nearly all "small business" projects involving real estate purchase or construction and long-lived equipment. The industry dictates the SBA size standards for eligibility but for the most part, most closely held businesses will qualify.
Job Creation Criteria	Typically 1 new job for each \$50,000 in SBA loan proceeds is required; however, there are exceptions to that rule if the project involves other economic benefits.
Fees	Vary depending on loan size