

HR 5297 – Small Business Bill 3

Bill adopted by Congress – slated to be signed by end of September 2010

Positive Impacts for Small Businesses Accessing Capital

- Allow an [SBA refinance with the 504](#), which would allow those with balloons coming due to refinance their commercial loan.
- Increase the maximum **504 loan** amounts considerably
- Increase the **maximum SBA size limits for an eligible business to allow larger businesses to qualify**
- Re-up the guaranty to **90%** for SBA 7a loans to provide more lenders with security
- Increase “regular” and “public policy” SBA 504 loans to **\$5 million**. (Keep in mind the 504 loan is a second mortgage and typically accounts for 30 to 40% of the total amount financed so we are talking about some potentially large loans) Energy efficient or [Green 504 loans](#) will increase to \$5.5 million as will 504 loans for “small manufacturers.”
- SBA Size Standards for eligible businesses will be permanently increased to a (tangible) net worth of **\$15 million** from \$8.5MM and a 2-year average (net) income of **\$5 million** - currently \$3MM.
- **SBA 7a Loans** would also be increased to \$5 million and the bill would also temporarily bring back the 90% SBA guaranty.
- **Temporarily eliminate fees up to 2 percent in fees for the SBA 504 loans and the guarantee fee for SBA 7a loans**

SBA 504 Loan will continue to have their other attractive benefits for small businesses:

- **Low down payment, as low as ten percent**
- **Up to 90 percent financing**
- **Fixed interest rates for the life of the loan, for up to 40 percent of project costs, allowing borrower to plan their payments**
- **Long term financing, 20 years for commercial and industrial real estate acquisition**
- **Reduced risk for the bank, 50% LTV**
- **Long term financing for equipment and leasehold improvements from 10-20 year terms, for up to 40 percent of project costs**

Eligible Uses of SBA 504 Loans

- **Land/Building**
- **Equipment**
- **Ground Up Construction**
- **Tenant Improvements/Leasehold Improvements**
- **FFE's as part of a project, Soft Costs, including Architectural & Engineering Costs**

Information Provided by:
AmPac Tri State CDC
Contact: Hilda Kennedy
909-915-1706
hkennedy@ampac.com