

Flynn Commercial Capital Small Business Finance makes the loan through our lending relationships after we have obtained the SBA guarantee. This loan can be in first or second lien position. A term of 25 years is typical and 90% financing for business real estate is common. Interest rates typically float over the New York Major Prime Rate.

Obtaining the loan requires compliance with loan program conditions, procedures, SBA eligibility requirements and qualifying standards.

#### **Loan Program Conditions**

- Acquisition of real estate or limited refinance
- Funds available determined by annual congressional appropriation
- Maximum loan amount is set by Congress (\$2,000,000)
- Term is up to 25 years
- 51% occupancy requirement

#### **Loan Procedures**

- 45-day escrow typical
- All regular real estate closing costs are assessed

#### **Eligibility Requirements**

- “Small business” size definition is determined by SBA
- “Personal Resources” limited; additional down payment may be required from personal sources of liquidity
- Type of business and use of proceeds

#### **Qualifying Standards**

- Cash flow from historical business and personal tax returns
- Equity in line with industry norms
- Good credit
- Management experience creating cash flow
- Down payment availability
- Real estate environmentally clean and of value

#### **Paying Off The Loan**

- SBA 7a Loan Program
- Prepayment penalty, if paying more than 25% of outstanding balance, for 3 years (first year is 5% of the amount of the prepayment, then 3%, and 1%)

**For More Information Please Call (877) 491-1643**

**Or visit our website at [www.flynncommcap.com](http://www.flynncommcap.com)**

Our lending experts are ready at a moments notice to provide you with the expertise and competitive edge in all aspects of commercial real estate financing.

All loans are subject to credit and property approval. Programs, rates, terms and conditions are subject to change without notice. Other restrictions apply. ©2008 Flynn Commercial Capital

The SBA 504 loan program is a cooperative venture between two lenders. The general purpose is to provide 90% financing for business real estate. A Certified Development Company provides the Small Business Administration 504 loan. The loan is a second lien limited up to 90% CLTV. It features a fixed interest rate with a 10-year graduated, decreasing pre-payment penalty. The term is 20 years. The first loan can be any conventional loan arranged by a conventional lender. The SBA 504 loan (second lien) is an auction interest rate.

Obtaining the loan requires compliance with loan program conditions, unique procedures, eligibility requirements and qualifying standards.

### **Loan Program Conditions**

- Acquisition financing only, no refinance
- Funds available limited by annual congressional appropriation
- Maximum loan amount is set by Congress (\$1,500,000 to \$4,000,000)
- Term is limited to twenty years
- 2nd lien to a max of 90% combined loan to value
- 51% occupancy requirement

### **Loan Procedures**

- 2 separate loan applications will be coordinated: conventional, SBA
- 3 separate loans will be made: conventional 1st, interim 2nd, SBA 2nd
- 2.75% (estimate) in 504 loan fees. These fees are usually financed by SBA
- All regular real estate closing costs
- Interest rate on the loan is an auction rate and is a function of the capital markets approximately 90 days after close of escrow or completion of construction and all lien release periods

### **Eligibility Requirements**

- The business qualifies as a small if it does not have a tangible net worth in excess of \$7 million
- Business does not have an average net income in excess of \$2.5 million after taxes for the preceding two years
- Expanding companies only with job growth prospects
- Specific job retention or creation requirements, 1 job for each \$50,000 in 504 loan except for “small manufacturers” which have a \$100,000 job creation or retention goal

### **Qualifying Standards**

- Demonstrate repayment ability from business historical tax returns
- Equity in line with industry
- Good credit
- Management experience creating cash flow
- Down payment availability
- Real estate environmentally clean and of value

### **Maintaining The Loan**

- Lease rate limited to loan payment amount
- Must make scheduled monthly payment only
- Payment made by automatic debit only; on the first day of each month

### **Paying Off The Loan**

- Prepayment penalty 10 years; first year, 100% of 1 years' interest, then decreasing 10% per year (90%-80%-70%-60%-etc.)
- Payoff window limited to 3rd Thursday each month

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