



## ELIZABETH RUSNAK

Sr. Loan Officer and Sr. Vice President

Cell: 206.930.9173

Fax: 509.458.8553

[erusnak@nwbusiness.org](mailto:erusnak@nwbusiness.org)

Mailing Address

11410 NE 124th St., #502

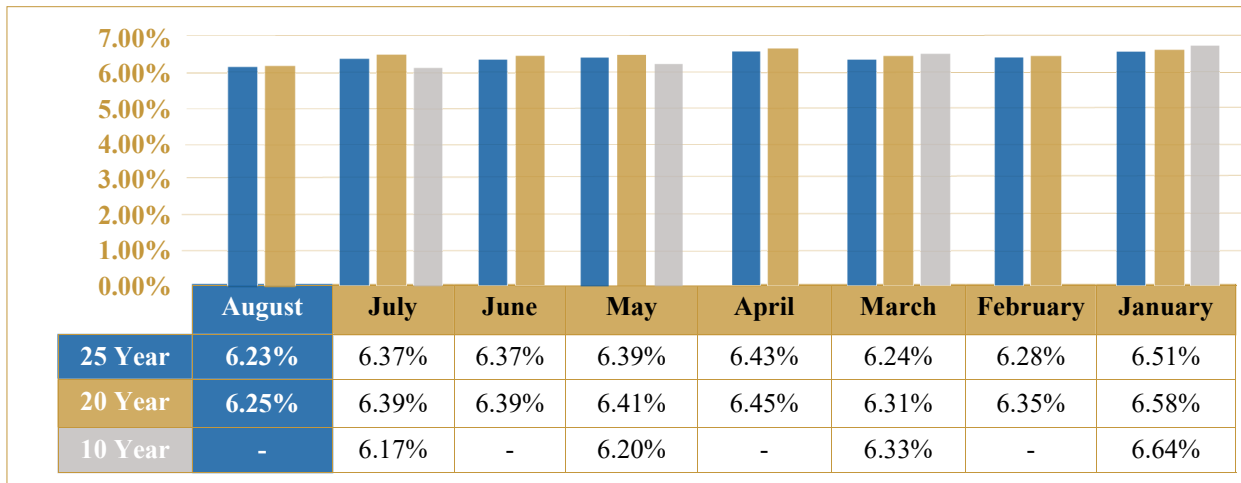
Kirkland, WA 98034

Northwest's Premier SBA 504 Lending Partner



### SBA 504 Debenture Effective Rates

Below are the effective rates for all 504 loans that funded in the indicated month. The rate reflects the fees to the CDC, SBA and CSA (Central Servicing Agent).



#### Use of Funds for Standard Project

- Land and building purchases.
- New building construction or renovation of existing building.
- Heavy machinery/equipment purchases (Minimum useful life must be at least 10 years).
- Refinance of loans used for the above purposes.
- Associated soft costs.

#### Benefits for Borrowers

- Low down payment (with as little as 10% down).
- Low FIXED interest rates through the full term of the loan.
- No balloon payments and loan renegotiations.
- Typically no additional collateral requirements outside assets being financed.
- Work with bank of choice.

#### Benefits for Lenders

- Low loan-to-value (typically 50%).
- Reduced credit risk through partnership funding.
- Lender's loan is secured by a 1st position on asset acquired.
- SBA's loan is secured by a 2nd position on asset acquired.
- Required SBA paperwork is prepared by NWBDA.

### SAMPLE FINANCING STRUCTURE FOR A STANDARD 504 PROJECT

Eligible Project Costs include land and building purchases at \$1,827,600; building improvements at \$150,000; and loan closing costs at \$22,400. **Total Project Cost is \$2,000,000.**

|                        | Amount           | % of Project | Rate         | Term      | Monthly Payment | <b>Note:</b><br><br>*Participating lenders rate determined by lending institution. |
|------------------------|------------------|--------------|--------------|-----------|-----------------|------------------------------------------------------------------------------------|
| Bank Loan              | 1,000,000        | 50%          | *6.75%       | 25        | \$6,909         |                                                                                    |
| <b>SBA 504 Loan</b>    | 800,000          | 40%          | <b>6.23%</b> | <b>25</b> | \$5,432         |                                                                                    |
| Down Payment           | 200,000          | 10%          |              |           |                 |                                                                                    |
| <b>Total Financing</b> | <b>2,000,000</b> | <b>100%</b>  |              |           | <b>\$12,341</b> |                                                                                    |

**Please call or email me today to discuss your potential project. I will provide you with a Project Structure Worksheet so you can have solid information about how the 504 Program can benefit your client.**

## **Business Eligibility:**

Must be a for-profit business.

Tangible net worth not more than \$20 million.

Average net profit (after tax) not more than \$6.5 million in the last two years.

Multiple borrowers can partner to occupy the same building.

The applicant business (not the individual owners) must not be engaged in speculation or investment in rental real estate.

100% of the business owners are required to be U.S. Citizens or Lawful Permanent Residents.

All business owners of 20% or more of the Operating Company (OC) or Eligible Passive Company (EPC) must guarantee the SBA debt.

The borrower must create or retain at least 1 job per \$90,000 (or per \$140,000 for manufacturing) guaranteed by the SBA, improve the economy of the locality, or achieve one or more public policy goals.

## **Occupancy**

For an existing building:

The operating business must occupy at least 51% of the rentable square footage of the property immediately.

49% of the building may be permanently leased out.

For new construction:

The operating business must occupy 60% immediately, some additional within 3 years, and 80% within 10 years.

20% of the building may be permanently leased out.

## **Equipment Purchase or Refinance**

Up to 90% of cost for new equipment.

Shipping, acquisition, dismantling, installing, and transportation costs may be included in the financing.

Cars, trucks, and airplanes are ineligible.

### **Historical Debenture Rates**

#### **Monthly Effective Rates for 25-Year Debenture**

|             | Jan. | Feb. | March | April | May  | June | July | Aug. | Sep. | Oct. | Nov. | Dec. |
|-------------|------|------|-------|-------|------|------|------|------|------|------|------|------|
| <b>2021</b> | 2.70 | 2.76 | 3.05  | 3.07  | 2.94 | 2.89 | 2.82 | 2.87 | 2.98 | 2.91 | 2.92 | 3.03 |
| <b>2022</b> | 3.22 | 3.60 | 3.93  | 4.68  | 5.12 | 5.19 | 5.11 | 4.98 | 5.44 | 6.22 | 6.31 | 6.11 |
| <b>2023</b> | 6.31 | 6.02 | 6.33  | 5.88  | 6.03 | 6.33 | 6.58 | 6.55 | 6.81 | 7.12 | 7.01 | 6.59 |
| <b>2024</b> | 6.37 | 6.39 | 6.29  | 6.70  | 6.56 | 6.35 | 6.21 | 6.05 | 5.77 | 6.08 | 6.33 | 6.09 |
| <b>2025</b> | 6.51 | 6.28 | 6.24  | 6.43  | 6.39 | 6.37 | 6.37 | 6.23 |      |      |      |      |

#### **Monthly Effective Rates for 20-Year Debenture**

|             | Jan. | Feb. | March | April | May  | June | July | Aug. | Sep. | Oct. | Nov. | Dec. |
|-------------|------|------|-------|-------|------|------|------|------|------|------|------|------|
| <b>2020</b> | 3.64 | 3.39 | 2.81  | 2.96  | 2.69 | 2.53 | 2.35 | 2.21 | 2.37 | 2.53 | 2.50 | 2.59 |
| <b>2021</b> | 2.66 | 2.72 | 3.00  | 3.02  | 2.85 | 2.77 | 2.70 | 2.75 | 2.86 | 2.76 | 2.77 | 2.88 |
| <b>2022</b> | 3.07 | 3.45 | 3.77  | 4.62  | 5.06 | 5.13 | 5.05 | 4.89 | 5.34 | 6.13 | 6.23 | 6.03 |
| <b>2023</b> | 6.28 | 5.99 | 6.33  | 5.98  | 6.08 | 6.39 | 6.64 | 6.61 | 6.87 | 7.18 | 7.02 | 6.61 |
| <b>2024</b> | 6.43 | 6.50 | 6.37  | 6.77  | 6.66 | 6.45 | 6.28 | 6.12 | 5.83 | 6.15 | 6.40 | 6.16 |
| <b>2025</b> | 6.58 | 6.35 | 6.31  | 6.45  | 6.41 | 6.39 | 6.39 | 6.25 |      |      |      |      |