

504 vs. Conventional Loan Comparison

SBA 504

Purchase Price	\$3,425,000
Improvements	\$0
Other	\$0
Total Project Costs	\$3,425,000

504 Loan

Bank Loan	50%	\$1,712,500
SBA 504 Loan *	40%	\$1,409,005
Cash Injection	10%	\$342,500
Total Financing		\$3,121,505

*Includes financed SBA fee of \$36,305 and \$2,700 legal fee.

Monthly Costs 504

	Amort.	Rate	Payment
1st Mortgage	25 yrs.	6.00%	\$11,034
2nd Mortgage (SBA)	25 yrs.	5.95%	\$9,035
Rental Income			
Total Monthly Payment		5.98%	\$20,069

Collateral Requirements 504

- 1st Mortgage on subject property
- 2nd Mortgage on subject property

Fees & Out of Pocket Expenses 504*

SBA Guaranteed Loan Amount	100.00%	\$1,370,000
SBA Fee 504 Loan (Financed)	2.65%	\$39,005
Bank Fee 1st Loan (Out of Pocket)	1.00%	\$17,125

Cash Down Payment	10.00%	\$342,500
Total Out of Pocket Expenses		\$359,625

Principal & Interest 504**

Principal Payments	\$3,121,505
Interest Payments	\$0
Total Out of Pocket Expenses	\$3,121,505

*All fees are estimated and will vary by lender/vendor. SBA 504 fees are financed into the loan, est. at 2.65% plus a \$2,000 to \$2,500 legal fee. Appraisal and Environmental reports may be financed, but if shown here are assumed as out of pocket expenses.

**Assumes fully amortized loans paid at full term.

CONVENTIONAL LOAN

Purchase Price	\$3,425,000
Improvements	\$0
Other	\$0
Total Project Costs	\$3,425,000

Conventional

Bank Loan	70%	\$2,397,500
Cash Injection	30%	\$1,027,500
Total Financing		\$2,397,500

Monthly Costs

	Amort.	Rate	Payment
Conventional Mortgage	25 yrs.	6.00%	\$15,447
Rental Income			
Total Monthly Payment		6.00%	\$15,447

Collateral Requirements

- 1st Mortgage on subject property
- Additional Collateral may be required (varies by lender).

Fees & Out of Pocket Expenses*

Total Mortgage	75.00%	\$2,568,750
Loan Fee (Out of Pocket)	1.00%	\$25,688

Cash Down Payment	25.00%	\$856,250
Total Out of Pocket Expenses		\$881,938

Principal & Interest Conventional**

Principal Payments	\$2,397,500
Interest Payments	\$0
Total Out of Pocket Expenses	\$2,397,500

*All fees are estimated and will vary by lender/vendor.

**Assumes fully amortized loan paid at full term.

\$522,312.50 Total Cash Savings with SBA 504



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