

## 504 LOAN ELIGIBILITY

- A business must be operating as a for-profit business
- Organized as a corporation, sole proprietorship, partnership, LLC, etc.
- Have a tangible net worth of less than \$8.5 million with all affiliates
- Less than a profit of \$3 million after taxes
- For existing buildings the business must occupy at least 51% of its property or for new construction at least 60%
- A business is **INELIGIBLE** if it is owned by persons who do not have a legal status of residence, if it is government-owned, restricts certain patronage, speculative business, has previously defaulted on a federal loan, is engaged in loan packaging, and is consumer/marketing cooperative.
- 504 loans can **NOT** be used for rolling stock or inventory, working capital, mortgage broker fees, and bridge and interim loans during construction period.

## ADDITIONAL FEE RELIEF

The most recent bill passed by Congress appropriates an additional \$80 million for fee offsets for the 504 loan program and a number of provisions for the 7(a) loan guarantee program. These funds do not have a specific expiration date, rather they will be used until all funds are exhausted.

Interest Rate  
for  
APRIL 2010

5.77%

20 year term

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# COUNCIL FINANCE SNAPSHOT

