

	USDA RURAL DEVELOPMENT B&I	SBA 7A	SBA 504 SUBORDINATE (2ND LIEN) LOAN
MAXIMUM LOAN	\$10,000,000 \$25,000,000 (at the USDA's Administrator's discretion)	\$5,000,000	\$5,000,000 \$5,500,000 (Manufacturers)
TYPICAL ELIGIBLE PURPOSES	Startup, Expansion, Business Acquisition, Commercial Real Estate, Working Capital, Equipment, Inventory, Soft Costs	Startup, Expansion, Business Acquisition, Commercial Real Estate, Working Capital, Equipment, Inventory, Soft Costs	Commercial Real Estate, Major Renovations, New Construction, Major Equipment, Soft Costs
AVAILABLE LOAN TERMS	Up to 30 years for Real Estate Up to 15 years for M&E Up to 7 years for Working Capital	Up to 25 years for Real Estate Up to 15 years for M&E Up to 10 years for Working Capital	20 years for Real Estate (2nd REM) 10 years for M&E (2nd UCC) 1st lien, usually 10-20 years
LOAN GUARANTEES	80% - \$5 million or less 70% - \$5 million to \$10 million 60% - Over \$10 million	85% - Loans \$150,000 or less 75% - Loans > \$150,000	
BORROWER FEE TO AGENCY	Up to 3% of Guaranteed Amount	Up to 3.75% of Guaranteed Amount	2.65 % of 504 subordinate loan (usually 40% of total project costs)
ELIGIBLE BUSINESSES	Both For-Profit Businesses and Not-for-Profit Organizations	For-Profit Businesses Only	For-Profit Businesses Only
OWNER OCCUPIED	Not a Requirement	Yes	Yes
BUSINESS SIZE RESTRICTIONS	No	Yes, net worth must be below \$15 million and averaged profit after tax less than \$5 million	Yes, net worth must be below \$15 million and averaged profit after tax less than \$5 million
LOCATION RESTRICTIONS	Yes, business must be located in rural areas with less than a 50,000 population.	None	None
CREDIT AVAILABLE ELSEWHERE	No	Yes	Yes
COLLATERAL REQUIREMENTS	Collateral must have documented value sufficient to protect the interest of the lender and the USDA. The discounted collateral value will normally be at least equal to the loan amount. Lenders will discount consistent with sound loan-to-value policy.	To the extent that worthwhile assets (both those financed with loan proceeds and those from other sources) are available from either the applicants or principal of the applicant, adequate collateral is required.	Collateral requirements for 504 loans are less stringent than for 7(a) and USDA because of the economic development purpose of the loan program. Generally, collateral will be limited to a subordinate lien on the project assets being financed.
PURPOSE OF LOAN PROGRAM	To improve, develop or finance business and industry, to improve the employment, economic and environmental climate in rural communities	To provide access to capital when longer terms are needed, the business is undercapitalized, collateral is specialized or unique or historical cash flow coverage is marginal	To promote economic development, stimulate private sector investment, increase productivity, create new jobs and increase local tax base
PERSONAL GUARANTEES	The personal guarantee of all holders of a 20% or more ownership interest will be required. Owners of less than a 20% interest may be considered for a limited guarantee.	Same	Same