

Chesapeake Business Finance Corp.

Maryland Office:
4606 Wedgewood Blvd.
Frederick, Maryland 21703
Tel: 301-668-1844
Fax: 301-668-1845

www.chesapeake504.com

Washington Office:
1101 30th St NW #500
Washington, DC 20007
Tel: 202-342-2973
Fax: 202-342-0389

504 Updates

Chesapeake News

1. **New Counties:** Chesapeake has expanded its Area of Operations recently to include Montgomery, Calvert, and St Mary's Counties. Others are pending.
2. **Larger Loans:** Both the SBA loan amounts and the size standards for eligible businesses have increased recently. SBA 504 loans can now be made up to \$1 million, and up to \$1.3 million for minority or woman-owned businesses, rural businesses, exporters and some others.
3. **Larger Size Standards:** The 504 size standards have been increased and are net worth under \$7 million and net profits under \$2.5 million OR wholesalers under 100 employees, manufacturers under 500 employees, and retailers and service companies based on sales.

Chesapeake Services

Chesapeake provides the following free services to banks or to businesses considering SBA 504 subordinated financing:

1. **Screening:** Chesapeake will review potential loan requests for eligibility
2. **Structuring:** Chesapeake will review requests and provide alternatives for loan structuring
3. **Site visits:** Chesapeake will visit loan applicants, either alone or with a prospective bank lender, to review screening and structuring issues and explain the program to the company.
4. **Technical issues:** Chesapeake will provide updates on various technical issues related to changes in the SBA 504 loan program.

The 504 Program Advantages

1. **Estate Planning:** The 504 program includes soft costs and renovations in the project costs, so businesses receive financing for 90-100% of the property cost – and pay rent to themselves (or their estates) rather than to a landlord. The owners build-up equity in the property – and can later sell or lease the property for retirement income.
2. **Control:** When a business owns its property, it can control it, make improvements that it wouldn't do on rented property, prevent future rent increases, and prevent eviction.
3. **Fixed Rates:** The 504 program provides fixed-rate financing, and interest rates are at historic lows. The fixed-rate 504 loan program helps borrowers lock-in low fixed interest rates.