

Small Business Administration (SBA) and Rural Development Loans

[Overview](#)
[Compare SBA Programs](#)
[SBA Application Toolkit](#)
[Rural Development Toolkit](#)

At-a-Glance Comparison	SBA-504 Loan (Commercial Real Estate & Equipment) 90% Fixed Rate	SBA 7(a) Loan (General Purpose)
Loan Size	Minimum - \$125,000 Maximum - \$20 Million +	Minimum - \$50,000 Maximum - \$5 Million
Interest Rate	Fixed	Predominantly variable; some fixed-rate options
Terms	20 Years - Real Estate 10 Years - Equipment	Up to 25 Years - Real Estate Up to 10 Years - Business Acquisition, Equipment 5 to 7 Years - Working Capital Weighted Average for Mixed-Use Request
Down Payment	Minimum 10-20% Borrower	Minimum 10% Borrower (often more)
Eligible Business Size	Business net worth not to exceed \$15 Million Average net profit after taxes for 2 consecutive years not to exceed \$5 Million	Determined by industry type Annual Sales not to exceed range of \$750,000 to \$33.5 Million for Retail, service and Agriculture
Loan Structure	50% Institution Loan 40% CDC Loan 10% Borrower Down Payment	Loan Structure negotiable, dependent on risk 10% down payment (minimum)
Proceeds Use	Purchase Existing Building Land Acquisition and ground-up construction Expansion of existing building Finance building improvements Purchase Equipment	Expand, acquire or start a business Purchase or construct real estate Refinance existing business debt Buy Equipment Provide working capital Construct leasehold improvements Purchase inventory

Program Requirements	51% owner occupancy for existing building 60% owner occupancy for new construction Equipment must have minimum of 10 year economic life	51% owner occupancy for existing building 60% owner occupancy for new construction All assets financed must be used to the direct benefit of the business
Collateral	Generally, project assets being financed are used as collateral Personal guarantees of the principal owners of 20% or more ownership are required	Subject assets acquired by loan proceeds Pledge of personal residence unless institution can justify why unnecessary Personal guarantees of the principal owners or 20% or more ownership are required
Fees	Fees are financed in the 504 loan Fees are negotiated for the 50% institution loan Servicing fee for CDC plus a legal review fee	Fees can be financed in the 7a loan Fees vary with the size of the loan paired with 504 loan Additional .25% charged on any loan portion above \$1 Million