



Demystifying SBA 504 Loans

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What Is a 504 SBA Loan and How Do 504 Loans Work?

Finding the Right Funding Solutions Can Be Transformational for Your Small Business

The U.S. Small Business Administration, more commonly referred to as the SBA, provides a range of services for businesses throughout the United States. From guidance and education to loans and grants, the SBA is a valuable resource for businesses just starting out and those that have been serving their customers and clients for years.

This guide will offer answers and insights into some of the most common questions borrowers ask about SBA 504 loans:

- What is a 504 SBA loan and how do 504 loans work?
- SBA 504 loan requirements
- What are Certified Development Companies?
- SBA 504 loan rates
- What can 504 loans be used for?
- The SBA 504 loan process
- How long does it take to get a 504 loan?
- Documents needed to meet SBA 504 loan requirements
- Real-life SBA 504 loan stories
- Understanding SBA 504 loan rates
- Can I get an SBA 504 loan for a startup?
- SBA 504 loans vs 7(a) loans
- What industries can benefit from SBA 504 loans?

The SBA offers loan programs that can provide funding for small businesses. The SBA 504 loan, for instance, offers fixed rates and is designed for long-term financing needs and to promote economic development. For companies looking to expand or to acquire new assets for their business operations, a 504 loan could be the most practical financing option. There are a huge number and high dollar volume of SBA loans made each year to help small businesses. SBA lenders in a previous fiscal year made more than 63,000 combined loans between the SBA 7(a) and 504 loan programs totaling about \$33 billion. In many cases, [SBA loans](#) are an attractive source of business credit at reasonable rates.

Why consider an SBA 504 loan? Some of the key reasons to explore these loans are listed here:

- Long-term repayment terms of 10, 20 or 25 years
- Fixed interest rates lower than traditional commercial lenders
- Low down payments
- Predictable payments that do not change over the life of the loan
- Access to SBA resources and guidance

What Is a 504 SBA Loan and How Do 504 Loans Work?

Small Business Administration 504 loans are longer-term financing that feature fixed interest rates and are intended for the acquisition of large-scale assets or improvements to facilities and land. For small businesses that can meet the strict requirements for eligibility, 504 loans are a cost-effective way to access the cash needed for acquiring new properties or upgrading the ones already owned by the company.

SBA 504 Loan Requirements

Companies must meet certain criteria to qualify for 504 loans. Some of the most important 504 loan requirements for small businesses include the following:

- For-profit: Businesses must operate on a for-profit basis.
- U.S.-based: To qualify for a 504 loan, businesses must be based in or operate in the United States or its territories and possessions.
- Net worth restrictions: Businesses that wish to obtain a 504 loan must have a net worth of less than \$15 million.
- Average net income: To qualify for an SBA 504 loan, businesses must demonstrate an average net income of less than \$5 million after taxes for the two years prior to the application.
- Demonstrated management expertise: Established companies must show evidence that they can manage a business successfully.
- Ability to repay: Borrowers must demonstrate that they can repay the loan based on past and projected revenues.
- Good character: Businesses with an associate who is incarcerated, on probation, on parole, or is under indictment for a felony or any crime involving or relating to financial misconduct or a false statement could be disqualified from obtaining an SBA 504 loan.
- A viable business plan: Borrowers must also present a solid business plan when they apply for 504 loans.

504 loans are not available for businesses that engage in financial speculation, receive only passive income or operate as nonprofits. SBA 504 loans are available under two programs, each of which can provide funding options for small businesses in the United States.

Standard Structure for 504 Loans

In most cases, 504 loans feature a 50-40-10 financing structure:

- SBA 504 lenders will provide 50 percent of the capital needed for the 504 loan.
- The Certified Development Company (CDC) will provide 40 percent of the loan.
- The borrower is responsible for a down payment of 10 percent or more.

This can allow borrowers to access the financial resources they need to start or expand their businesses while promoting economic growth in specific regions and localities.

What Are Certified Development Companies?

Certified Development Companies (CDCs) partner with the U.S. Small Business Administration to provide long-term financing for small businesses. Regulated and certified by the SBA, CDCs are nonprofit organizations that work both with the SBA and with local lenders in their state to facilitate the SBA 504 loan process. The participation of CDCs makes it possible to offer favorable 504 loan terms and to provide funding for business owners who might not otherwise be able to access the financial resources necessary for success.



SBA 504 Loan Types

SBA 504 Loan Types

504 Loans Provided through Certified Development Companies (CDCs) which are licensed by SBA	
Maximum Loan Amount	504 CDC maximum amount ranges from \$5 million to \$5.5 million, depending on type of business or project.
Percent of Guaranty	Project costs financed as follows: CDC: up to 40% Lender: 50% (Non-guaranteed) Equity: 10% plus additional 5% if new business and/or 5% if special use property
Eligible Use of Proceeds	Long-term, fixed-asset loans; Lender (non-guaranteed) financing secured by first lien on project assets. CDC loan provided from SBA 100% guaranteed debenture sold to investors at fixed rate secured by 2nd lien.
Maturity	CDC Loan: 10, 20 or 25-year term fixed interest rate. Lender Loan: Non-guaranteed financing may have a shorter term. May be fixed or adjustable interest rate.
Maximum Interest Rates	Fixed rate on 504 Loan established when the debenture backed loan is sold. Declining prepayment penalty for 1/2 of term.
Who Qualifies	Alternative Size Standard: For-profit businesses that do not exceed \$15M in tangible net worth, and do not have an average two full fiscal year net income over \$5M. Owner Occupied 51% for existing building or 60% for new construction of a building.
Benefits to Borrowers	Low down payment - equity (10, 15 or 20 percent) (The equity contribution may be borrowed as long as it is not from an SBA loan) Fees can be financed; SBA /CDC Portion: Long-term fixed rate Full amortization and No balloons

504 Loan Refinancing Program (Permanent) Provided through Certified Development Companies (CDCs) which are licensed by SBA. Notice 5000-808830 lists the details.

Maximum Loan Amount	Same as 504
Percent of Guaranty	Loan to Value (LTV) with Qualified Debt(s) 90%. For projects that include "Eligible Business Expenses (EBE)" the LTV is 85%. EBE may not exceed 20% of the fixed asset appraisal value
Eligible Use of Proceeds	Refinancing of Qualified Debt (85% of the proceeds must have been originally used to acquire an Eligible Fixed Asset), and "Other Secured Debt" secured by the Eligible Fix Asset. May include the financing of eligible Business Operating Expenses as part of the refinancing.
Maturity	Same as 504
Maximum Interest Rates	Same as 504
Who Qualifies	Was incurred not less than 6 months prior to date of application. Has been secured by Eligible Fixed Asset(s) for at least six months; May include debt subject to a federal guarantee under certain conditions. Cannot be a 504 Third Party Loan which is part of an existing SBA 504 project.
Benefits to Borrowers	Business can access equity in their commercial real estate for business operating expenses or refinance property on reasonable terms. Fees can be financed; SBA /CDC Portion: Long-term fixed rate Full amortization and No balloons

A photograph of a building under construction. The structure features a curved metal frame with vertical studs and horizontal beams. The lower portion of the building is partially covered with light-colored wooden sheathing. The upper portion shows the metal framework against a clear blue sky. The text "Choosing the Right SBA 504 Loan Program" is overlaid in white on a dark blue rectangular background in the lower-left corner.

Choosing the Right SBA 504 Loan Program

Choosing the Right SBA 504 Loan Program

The right 504 loan program for you will depend on the purpose to which you plan to apply the funding.

- The standard SBA 504 loan program is used to acquire or upgrade assets for your business. Funds received under this 504 loan program cannot be used for debts or for any other purpose than acquiring or improving land, facilities or equipment.
- The 504 loan refinancing program can be used to refinance certain types of debt incurred when purchasing eligible fixed assets. Unlike standard 504 loans, this SBA 504 loan program can be used for refinancing debt. Whether you need a [504 loan program for refinancing debt](#) or funds to purchase land or buildings for a corporate expansion, 504 loans can provide the right funding for most needs.

Choosing the appropriate SBA 504 loan program will allow you to access funds that can be used for a variety of approved business purposes. SBA 504 loan rates are often lower than those available commercially, so opting for these loans often makes good financial sense.

504 Loans by State and Locality

Certified Development Companies are available in every state and many territories of the United States. The SBA and local 504 loan providers can offer guidance and support in finding a CDC that works with small business owners in your area.

504 Loan Pros and Cons

While lower SBA 504 rates and longer terms make these loans an attractive choice for many businesses, understanding the various benefits and drawbacks of these loans is necessary before applying for a 504 loan:

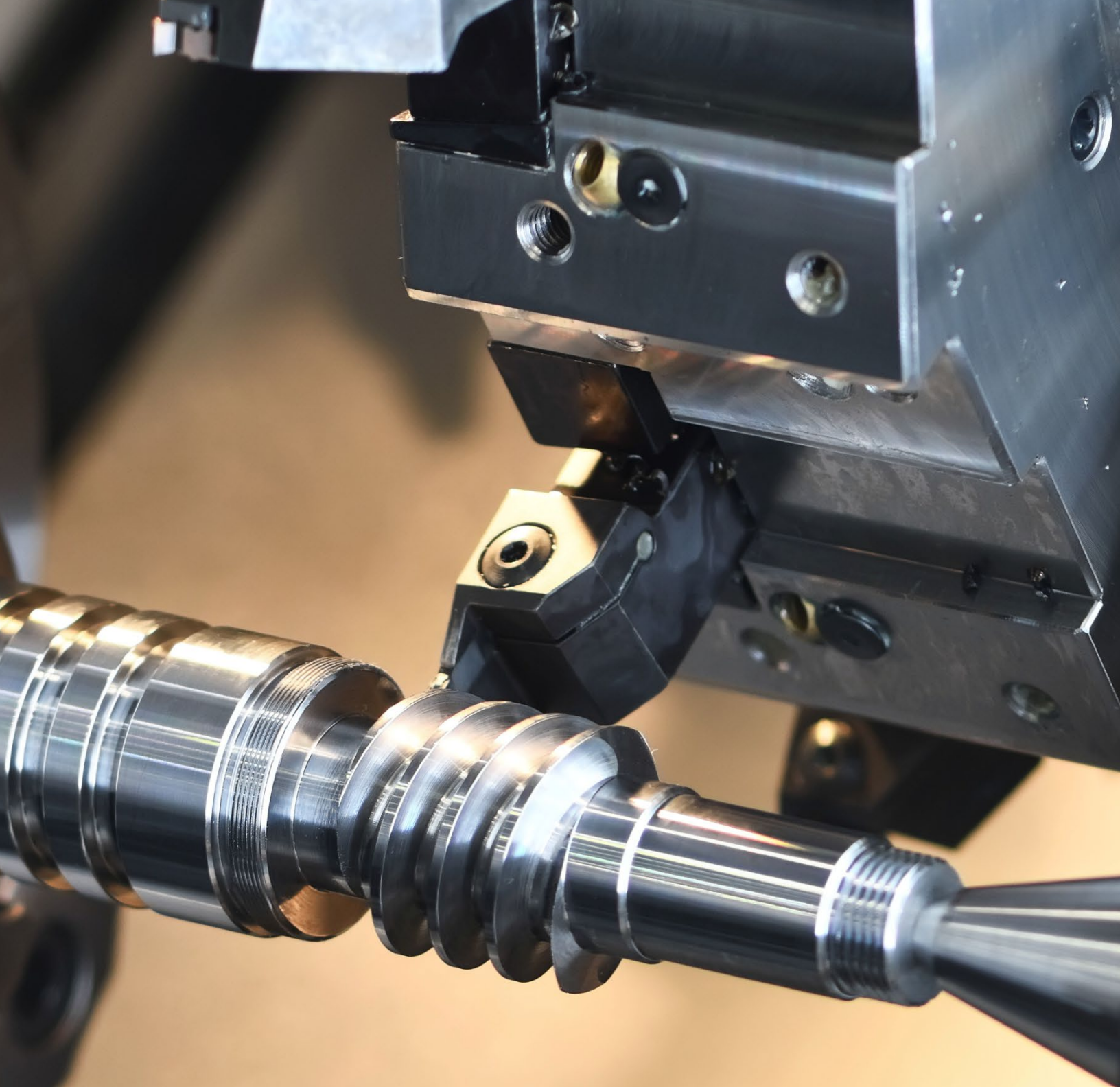
- Majority of SBA loan applicants qualify: According to the Report on Employer Firms, findings from the Small Business Credit Survey, 64% of SBA loans and lines of credit are approved.
- Low initial investment: With 90 percent of the financing provided by lenders and CDCs, borrowers can access large amounts of ready cash with a relatively small initial investment.
- Fixed interest rates: Fixed rates on the CDC portion of 504 loans eliminate worries about rising interest rates.
- Slow application processing: Sometimes, SBA loans in general and the 504 loan specifically can be slow in processing and disbursing funds. The number of checks and rechecks required to approve and to finalize a 504 loan can take significant amounts of time, especially if any irregularities are discovered during the application process.
- Restrictions on use: The SBA provides strict guidelines on how 504 loans can be used. For small businesses looking to acquire inventory or to manage operating expenses, other loans like SBA 7(a), would be more appropriate choices.

What Can 504 Loans Be Used For?

Acceptable uses for standard 504 loans include the purchase, acquisition and upgrading of eligible fixed assets that include the following:

- Facilities: SBA 504 loans can be used to build new facilities or to improve and modernize existing facilities.
- Land acquisition: An SBA 504 loan can also be used to purchase land for business purposes.
- Equipment and machinery: 504 loans can be used for the purchase of new or used machinery and equipment provided that it has a remaining useful life of at least 10 years. This includes AI-supported equipment and machines used for manufacturing products.
- Improvements: Your 504 loan can also be used to modernize or improve land, buildings, facilities, equipment, utility services, streets, parking lots or landscaping for your existing properties or for new acquisitions.
- Refinancing certain forms of debt: SBA 504 loan terms changed in 2016 to allow small businesses to refinance debt previously incurred for commercial real estate and fixed assets. In 2021, the SBA 504 refinance program was expanded to include debts that were six months old or more, allowing small businesses to refinance as much as 100 percent of their fixed asset debt compared with the previous 50 percent. Finally, both SBA 504 loans and SBA 7(a) loans can now be refinanced under this amended program.

The funds received from 504 loans cannot be used to provide working capital, to purchase inventory or to purchase investor or rental real estate. Other ineligible expenses are intellectual property acquisitions, financing for consulting services, working capital for AI and software packages and most forms of refinancing, repaying or consolidating debt except as outlined above.



The SBA 504 Loan Process

The SBA 504 Loan Process

Applying for an SBA 504 loan can sometimes be an intimidating prospect. Understanding how to get a 504 loan, however, can allow your company to access funding for expansions and improvements to your capital assets. This simple checklist can provide you with a framework to follow when you apply for 504 loans:

- **Check your eligibility:** Reviewing SBA 504 loan requirements can help you ensure that you qualify for a 504 loan before beginning the application process. This can save you time and effort when managing your finances as a small business owner.
- **Set aside money for your SBA 504 loan down payment:** Making sure you can afford the 10-percent down payment required for 504 loans is essential to your success in obtaining these loans. Checking on any applicable SBA 504 loan fees can also help you avoid any unpleasant surprises at closing.
- **Evaluate the current 504 SBA loan rates:** The current Treasury rates fluctuate frequently. Since 504 loan rates are tied directly to this index, keeping an eye on the Treasury rates can help you to predict the SBA 504 loan rate you may expect when your loan is finalized.
- **Monitor your credit report:** While your SBA 504 loan rate will be tied to the Treasury rate, your ability to qualify for 504 loans may be impacted by mistakes or damaging information on your personal or business credit report. Keeping a close eye on any new information can help you to stay on track with the SBA 504 loan program.
- **Find a participating lender:** SBA 504 lenders often work with specific CDCs to provide funding for these loans. First Bank of the Lake has made \$400M in SBA 7(a) and 504 loans in the last year. You should ask your bank for the CDC's they recommend in your area.
- **Look for a Certified Development Company:** CDCs are local organizations that serve specific states. For most businesses, choosing a lender with established CDC connections is the easiest way to find the right SBA 504 CDC.
- **Pre-qualify for a 504 loan:** Once you have chosen from among the available SBA 504 loan lenders, you can provide the documentation needed to determine if you meet SBA 504 loan requirements. Pre-qualifying for the SBA 504 loan program can help you make the best use of your time during the application process.
- **Identify your planned purchases:** Once you have pre-qualified for the 504 loan program, you can begin negotiating with sellers, vendors or contractors regarding your planned acquisition or purchases.
- **Read the loan terms:** Understanding your 504 loan terms is essential before deciding if 504 loans are the right choice for your business. While SBA 504 loan rates are competitive and reasonable, some of the requirements may not be workable for your business. Additionally, SBA 504 loan limits are relatively low and may not provide the cash on hand that your business needs for acquisitions. Reviewing all 504 loan requirements and the restrictions on how you can use funds from your 504 loan is important to ensure the best results for your company.
- **Fill out the SBA application:** Application Form 1244 is the approved application form for 504 loans from the Small Business Administration. Read this application carefully before completing and submitting it to make sure you are eligible to apply.

- Provide the necessary paperwork: Extensive paperwork and documentation is required to comply with Small Business Administration 504 loan requirements.
- Wait for approval and underwriting: Although SBA rates for 504 loans are lower than average, the wait times for processing these loans can be long. Ensuring that your business meets all 504 loan requirements and that you qualify for these lower SBA 504 loan rates can be an extended process. While many SBA loans are approved, some are not.
- Pay SBA 504 loan fees: There may be small upfront fees, which may be financed. Annual service fees are required under SBA 504 loan terms. The terms for the 504 refinance loan, however, require somewhat higher annual service fees than those assessed under the standard SBA 504 program.
- Close on your 504 loan: Once your 504 loan has been approved and disbursed, you can manage any financial loose ends. Your 504 loan can be used to acquire property, to improve existing facilities or to refinance debt associated with the purchase of eligible fixed assets.

SBA 504 lenders must follow the guidelines of the Small Business Administration when determining eligibility for these loans. Borrowers can review the SBA fact sheet for more information on how the process works and what to expect when applying for a loan through 504 lenders.

Documents Needed to Meet SBA 504 Loan Requirements

504 lenders and CDCs require significant documentation to approve these loans. Some of the key documents you will need to produce are listed here:

- Personal and business tax returns for the most recent three-years
- A personal history statement and a personal financial statement
- Personal budget analysis
- Financial statements for your business that cover the past three years
- A debt schedule for your business
- A signed and dated interim financial statement that includes income and balance sheet data and that was completed within two months of application
- Accounts receivable aging and accounts payable aging
- One year of financial projections
- A valid business plan
- Previous government financing schedules
- An environmental impact questionnaire
- Purchase agreements, contractor estimates, franchise letters of intent or business records pertaining to the intended use of the funds
- Disclosure of any other SBA loans and documentation for them
- Debt documentation for the 504 loan refinance program

If you are using gifted funds as part of your SBA 504 loan down payment, you will need to obtain and provide a gift letter from the source of the gift. Working with a trusted lender can ensure that you have the latest information about SBA 504 rates and requirements when applying for these innovative lending options.

How Long Does It Take to Get a 504 Loan?

The time needed to process and complete a 504 loan can vary from 60 days to six months or even more. Some of the factors that can affect the speed of processing for 504 loans include the following:

- How long it takes to submit accurate and complete information
- Third-Party Reports (Appraisal, environmental, etc.)
- The length of time needed to submit documentation
- Processing times at your lender and at the SBA
- Any necessary credit or background checks
- Availability of loan closing personnel

SBA 504 Green Loan Options

An SBA 504 green loan is a practical way for small businesses to acquire added capital compared with traditional SBA 504 loan limits. In general, 504 loans offer some definite benefits for companies that can meet the requirements for these loan programs:

- Higher aggregate loan limits: Borrowers can apply for multiple green project loans from the SBA up to an aggregate of \$16.5 million.
- Increased limits for individual 504 loans: Most 504 loans are capped at a maximum of \$5 million. For green loans, however, a \$5.5 million project cap allows greater financial flexibility for small businesses.
- Improved energy efficiency for lower utility bills and greater environmental responsibility: Taking the lead in energy efficiency and green energy projects can help businesses take on today's challenges while preparing for the marketplace of the future.
- The same lower SBA 504 rates: Green loans from SBA feature the same low CDC 504 SBA loan rates that are fixed throughout the term of the loan. This is an important reason to consider going green with a 504 loan.

To qualify for green loans from SBA, small businesses must incorporate one of the following public policy goals into their project:

- Reduce energy use: The project must demonstrate a reduction in energy expenditures of 10 percent or more compared with historical energy use. This can be achieved through upgrades to lighting, heating and cooling or other building upgrades.
- Demonstrate sustainable design: Lowering the use of fossil fuels or reducing environmental impact can also qualify small businesses for these loans. New construction projects are among those frequently approved for sustainable designs by the SBA.
- Generate clean and renewable energy: Small businesses can also qualify for green loans under the 504 program by upgrading facilities and properties to generate solar, geothermal, hydropower, wind or biomass energy. Properties must produce 15 percent renewable energy to qualify under this provision.

Added documentation may be required to verify compliance with the requirements of these green loans from the Small Business Administration. Your lender may be able to provide you with the

requirements for this program along with current 504 loan rate information to help you determine if a green loan from the SBA could be the right choice for your business.

SBA 504 Loan Metrics

Because the U.S. Small Business Administration is a government agency, it makes its performance data available to the public online on a regular basis. Loan data reports are available on the SBA site as well as through other agencies that oversee spending and financial activities on behalf of the federal government. Monthly and yearly activity reports on SBA 504 rates, the number of loans offered and debts covered under SBA 504 loan forgiveness programs are also listed and can provide added insights into the popularity of these loan programs and their continued success in stimulating business growth.

Repaying a 504 Loan

All inquiries regarding the status of the loan, due date, account balance or other information regarding your 504 loan should be directed to your lender or CDC.

What to Consider When Choosing SBA 504 Lenders

Selecting the right lender for your 504 loan requires a little due diligence on your part. Ideally, your 504 loan provider will have extensive experience in the SBA loan sector. Other characteristics to look for may include the following:

- A nationwide SBA lender
- Deep expertise in your loan area whether it be franchises, construction or startups. [Support for veteran-owned businesses](#) if you are looking for a veteran's loan.
- Proven experience in [funding the growth of small businesses](#)
- The ability to work with top Certified Development Companies in your area
- A reputation for flexibility in working with borrowers, along with creative problem-solving abilities to ensure the best outcomes
- Friendly and helpful staff members. Our staff has memberships in the bank industry and SBA organizations.

At First Bank of the Lake, we are committed to the highest standards of customer service and support for small businesses seeking 504 loans. We work with Certified Development Companies and the SBA to ensure that small business owners and operators receive the financial support they need to achieve their goals and maintain their success in the competitive marketplace.



Real-life SBA 504 Loan Stories

Real-life SBA 504 Loan Stories

The Small Business Administration sometimes provides case studies for 504 loans and the businesses that have used them to achieve greater success. Two of the most inspiring stories of 504 loan recipients in recent years are available to read on the SBA website:

- The Brothers That Just Do Gutters is a gutter installation company based in Allentown, Pennsylvania. Jimmy Olang purchased a franchise early in the history of the business and used the 504 loan program to purchase additional space in 2021 for his growing gutter-installation franchise. This allowed Olang to expand and to enjoy greater success in his small business operations.
- When it was time for California Physician Reimbursement (CPR) to expand, the company's owners decided to locate their new office space in downtown Redding. Jane and Dean White took out a 504 loan to purchase a dilapidated and aging building. They razed this building and created a two-story mixed-use building that combined retail space with the office space they needed for their growing business. This provided added employment opportunities in the downtown area and contributed to the revitalization of downtown Redding, California.

There are hundreds of SBA 504 and 7(a) loan success stories on the SBA site.

How SBA 504 Loans Benefit Borrowers

Some of the primary reasons to consider a 504 loan for your small business are listed here:

- SBA rates for 504 loans are fixed: Fixed-rate loans are more predictable in terms of monthly payments. Because the interest rate for these loans is fixed, the amount owed will not drastically increase when interest rates rise in the future.
- SBA 504 loan terms go up to 25 years: Longer loan terms can reduce the monthly expenses and overhead costs for small businesses, which can benefit them over the long run.
- SBA 504 loan limits are designed to meet the needs of small businesses: With loan amounts up to \$5 million or \$5.5 million for green loans, 504 loans are a practical way to obtain a significant amount of cash for the acquisition of land, equipment or facilities.
- Small businesses can use 504 loans to create jobs: One of the most important roles of 504 loans is to retain and create jobs in the small business sector. This can improve employment opportunities for those in economically depressed areas and other target areas for economic development.

504 loans are a practical solution for businesses that need an infusion of cash to expand their operations, improve their facilities or to branch out into new service areas. The SBA and local lenders in conjunction with Certified Development Companies can provide these lending options to small business owners and operators in their area.



SBA 504 Loan Rates

SBA 504 Loan Rates

When trying to understand the SBA 504 loan rate environment, keep in mind how the SBA 504 loan program is structured. The SBA 504 lender portion of the loan may have a different interest rate than the CDC portion of the loan. While 504 SBA loan rates vary depending on the state of the economy, the interest rates on the CDC portion of the loan are limited by the SBA so they are generally lower than the prevailing market rates for comparable commercial loans.

For the 504 lender portion of the loan, a reasonable 504 loan rate must be offered. Strict SBA 504 loan requirements are in place to ensure that only qualified borrowers with an excellent record for repaying their debts can qualify for these loans from 504 lenders.

When determining your likely 504 loan rate, remember that the rate may be different for the CDC portion of the loan compared to the 504 loan rate offered from your lender. You can also look up historic SBA 504 rates on the websites of many Certified development companies for 504 loans.

What Are Surety Bonds for 504 Loans?

Surety bonds are fees assessed by SBA to guarantee 504 loans. These fees are applicable to both 504 and 7(a) loans. Surety bonds are available for contracts less than \$5.5 million.

Can I Get an SBA 504 Loan for a Startup?

The Small Business Administration offers several loan programs designed specifically for startup businesses. While it may be possible under some circumstances to get an SBA 504 loan for a startup, other options may be more practical and may provide the necessary funding for your needs. An SBA 7(a) loan, for instance, may be more appropriate than an SBA 504 loan for startup enterprises. First Bank of the Lake has extensive experience with SBA loans for startups or companies in the early growth phase.



SBA 504 Loan vs 7(a) Loans

SBA 504 Loan vs 7(a) Loans

When deciding whether to apply for an [SBA 504 loan vs 7\(a\) loans](#) from the SBA, you should consider these primary differences between the two loan programs:

- Intended purpose: 504 loans are intended for the purchase or improvement of buildings, land and other fixed assets. They may also be used to refinance some of these purchases. SBA 7(a) loans can be used to purchase the same assets as 504 loans, as well as to provide working capital, to refinance debt, or to purchase existing businesses.
- Interest rates and types: 504 SBA loan rates for the CDC portion are fixed and based on the market conditions for long-term government debt at the time the CDC sells their portion of the loan. By contrast, 7(a) loans are typically adjustable and are tied to the prime interest rate.
- Amount of loan: For most borrowers, the maximum loan amount is capped at \$5 million for both 7(a) and 504 loans, though green loans have a higher loan amount.
- Duration of loans: 504 loans are designed for 10, 20 or 25-year terms. 7(a) loan terms are 10 years for working capital and equipment purchases and 25 years for real estate purchases.
- Amount of down payment: A down payment of 10 percent is required for all 504 loans. The amount required for an SBA 7(a) loan will vary depending on the qualifications of the borrower and the use to which the funds will be applied.
- Risk levels and collateral: Traditionally, 504 loans are secured by the collateral these funds are used to purchase. For 7(a) loans, borrowers must typically put up their own collateral as security for the loan and to reduce risk levels for the lender.

Please review the SBA loans table earlier for a detailed comparison of 7(a) vs 504 loan programs.

Key Takeaways About 504 Loans

- 504 loans offer longer terms and fixed-rate financing.
- Borrowers can use 504 loan proceeds to purchase large-scale assets to grow their businesses.
- A 10-percent down payment is required to qualify for 504 loans.
- 504 loan funds cannot be used for working capital.
- Some 504 loans may allow borrowers to refinance existing debt.

What Industries Can Benefit from SBA 504 Loans?

Small businesses of all types can often achieve greater success and improved financial stability by applying for and receiving 504 loans. Some of the industries that can see the greatest benefits from these loans include:

- Construction and real estate 504 loans: Businesses that cater to the [commercial real estate](#) sector can use the properties they purchase as collateral for 504 loans. Leveraging purchases with a 504 loan can be a cost-effective strategy that can produce real rewards for these businesses and the communities they serve.
- 504 loans for healthcare companies and healthcare-related businesses: Finding the right funding for [healthcare](#) facilities and practices can be challenging. Working with a trusted 504 partner can allow medical practices, healthcare facilities and other small businesses to achieve greater success in this sector.
- Dental practice SBA 504 loans: Government-backed 504 loans can be a solid choice for [dental practices](#) looking to improve their current facilities or to expand to a new office.
- 504 loans for [schools and educational facilities](#): Everything from child care to driving schools to Montessori schools and other specialty schools may qualify for 504 loans to improve facilities, acquire equipment or other fixed assets or to refinance debt incurred in the purchase of these assets.
- Manufacturing and export 504 loans: A 504 loan can be used to upgrade equipment for [manufacturing and export businesses](#) to ensure that they stay competitive in the marketplace.
- SBA 504 loans for optometry: [Optometry practices](#) can also benefit from 504 loans to expand their premises, update or upgrade their equipment or to open new offices.
- 504 loans for professional services providers: [Companies that offer professional services](#) can use 504 loan proceeds to acquire new equipment or to renovate their current facilities to serve their customers better.
- Construction company 504 loans: These loans can be a great way for [construction firms](#) to meet their obligations and acquire the properties and the equipment needed for success.
- SBA loans for franchises: [Franchise purchasers](#) can often use 504 loans to acquire properties or to renovate existing properties for their new enterprises. First Bank of the Lake was the 5th largest provider of SBA 7(a) loans for franchises according to public SBA data in 2024, so the Bank is familiar with the franchise lending space.

By working with a financial institution that has extensive experience in [small business loans](#) and SBA-backed loans, borrowers can ensure the best outcomes for their business ventures now and in the future.



About First Bank of the Lake

SBA 504 Loans and 7(a) Loans from First Bank of the Lake

At First Bank of the Lake, we offer an array of SBA-backed loans designed for small businesses. We have experienced underwriters who can help you determine whether an SBA 7(a) or 504 loan is right for you. From startups and franchisees to established business owners, the customers we serve at First Bank of the Lake can get the help they need from us. Here are some key benefits of SBA loans through First Bank of the Lake:

- Outstanding due diligence: Our staff members have the experience and the proven knowledge needed to check paperwork and to perform the due diligence necessary to streamline the 504 loan application process. Our veteran loan group is staffed by former members of the armed services. Our franchise group works only with franchises and we are the 4th largest franchise SBA lender in the US.
- Low down payment requirements: For 504 loans, a 10-percent down payment is required. 7(a) loans also require at least 10 percent down for loan approval.
- Fast response times: The team at First Bank of the Lake will get back to you on time and will provide you with streamlined services to get cash into your hands as quickly as possible after your 504 loan is approved.
- Reliable closings: At First Bank of the Lake, we know that receiving your money and closing on your loan on time is important. We work hard to make sure every part of the process goes smoothly and according to plan.
- Nationwide support: As an SBA 7(a) preferred lender with established relationships with CDCs across the country, First Bank of the Lake can provide the support small businesses need regardless of their geographical location.

We work with you to make your 504 loan experience as painless as possible for you and your business. [Our team](#) is here to help when you need us most.

About First Bank of the Lake

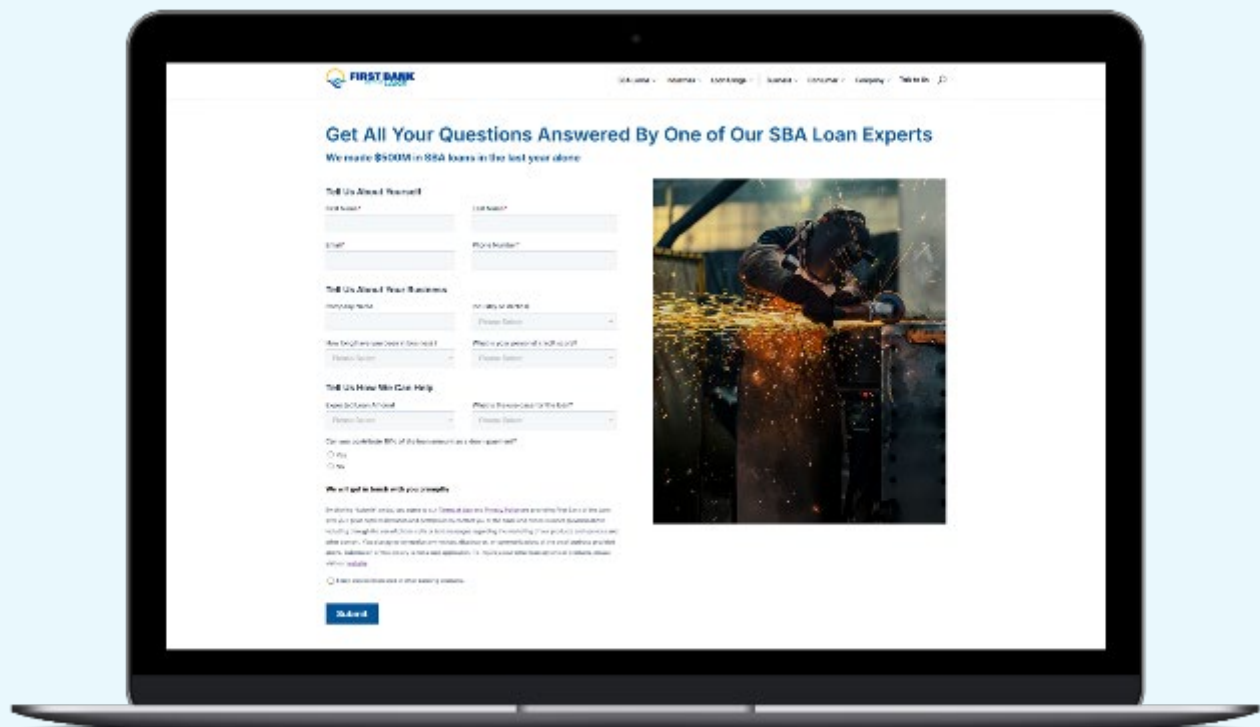
First Bank of the Lake was [founded in October 1985](#) by local investors in the St. Louis area. Established in Osage Beach, Missouri, the bank focused on serving local customers from the very start. Throughout nearly four decades of success, First Bank of the Lake has grown to become the 15th largest SBA lender in the United States and approved \$600 million in SBA loans in 2024. The Bank approved \$500 million in SBA loans over the past year. Located in the Lake of the Ozarks area, First Bank of the Lake works with local businesses as well as companies from across the United States. The Bank works every day to provide outstanding customer service and to embrace innovation in what we do and how we do it. Our customers are the key to our success and drive our commitment to quality and integrity in everything we do. To touch base with us or to learn more about our [SBA small business loans](#), call us at [888-828-5689](tel:888-828-5689) or [visit us online](#) to start the application process. At First Bank of the Lake, we are here to serve you.

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