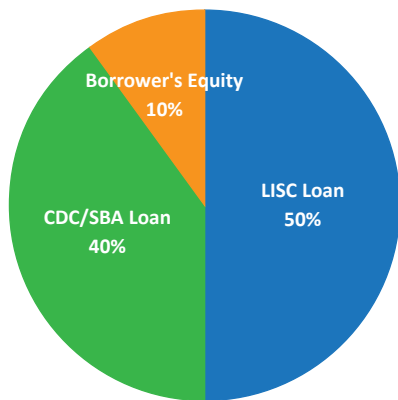


# REAL ESTATE LOANS

## SBA 504 financing for small businesses

LISC provides real estate financing through the SBA 504 program to assist for-profit companies acquire and renovate properties in distressed areas. Our loan fund leverages New Markets Tax Credits (NMTC) to provide borrowers with even more favorable rates and terms. These loans help small businesses fix operating costs and create jobs in low-income communities. LISC provides loans from \$200,000 to \$2.5 million, representing half of total project costs.

### How does it work?



LISC, along with a certified development company (CDC), can finance 90% of real estate acquisition and capital improvement costs. LISC provides 50% of the financing for the first mortgage loan, a local CDC through an SBA debenture provides 40% for the second mortgage, and the borrower puts in 10% as a down payment.

### Who is eligible?

- Property must be multi-purpose, 51% or more owner-occupied, and located in a low-income census tract
- Business must have a minimum of two years in operation
- Minimum personal credit score of 680
- Minimum DSCR of 1.0x for last fiscal year and interim period
- Maximum 60% LTV for collateral

### What are the rates and terms?

50% 1st mortgage:

- 30-year term with 3-year interest-only period
- Below-market rate (3.80% as of 1/3/17), fixed for 7 years

40% 2nd mortgage:

- 20-year term, amortizing
- SBA debenture rate (4.59% as of 12/1/16), fixed for 20 years



The Foundry  
Indianapolis, IN

*The Nottingham brothers used LISC's SBA 504 financing to purchase a property for their real estate brokerage firm in Indianapolis' Herron-Morton neighborhood. They also opened Foundry Provisions Cafe on the same property, creating a new gathering space for local residents, students, artists, and nearby workers.*

*With a loan from LISC, the Nottinghams were able to fix their long-term facility costs at a reasonable rate, create new jobs in the neighborhood, and help bolster the commercial viability of the surrounding community.*

**Questions? Contact  
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or visit [LISCsmallbusiness.org](http://LISCsmallbusiness.org).**