

Twin Cities Community Capital Fund

Comparison with SBA 504 Loan Program

- ✓ Multi-tenant projects are eligible for TCCCF loans; SBA requires at least 51% borrower occupancy for the purchase of real estate, and 66% occupancy for new construction.
- ✓ TCCCF loans have no prepayment penalties; SBA imposes prepayment penalties during the first 10 years of the loan.
- ✓ Both nonprofit and for-profit corporations are eligible borrowers under TCCCF; only for-profit business enterprises are eligible for SBA financing.
- ✓ TCCCF loan maximum is \$2 million for any kind of business or nonprofit financing; SBA has \$1.5 million maximum, except for manufacturing loans that may qualify for up to a \$4 million loan.
- ✓ TCCCF loans have no eligibility restrictions based on business size, revenues or profits; SBA borrowers are ineligible if they have a net worth over \$7 million, and annual net profits of more than \$2.5 million for the 2 years preceding their loan application.
- ✓ TCCCF loans offer more flexibility in terms of the percentage of the total project financing participation between the bank and TCCCF; under the SBA 504 program, the bank is required to finance 50% of the total project costs.
- ✓ TCCCF can provide up to 90% financing on special use buildings. Under the SBA program, the financing formula for a start-up business in a special use building is 50% bank / 30% SBA / 20% equity. If either a start-up business or a special use building, then financing split is 50% bank / 35% SBA / 15% equity
- ✓ All projects costs are eligible uses of TCCCF loan funds; SBA 504 loans cannot be used to finance working capital or inventory.
- ✓ Project eligibility is not limited by meeting job creation criteria under TCCCF; SBA borrowers must demonstrate that at least one job is created for each \$50,000 in loan amount.
- ✓ Interest rates on TCCCF loans can be negotiated and reduced if the originating member wants to offer below market / subsidized financing as an economic development incentive for certain kinds of businesses and/or in targeted development areas; SBA rates are fixed based upon monthly national debenture sales and are non-negotiable.