

# SBA Loans: The Numbers That Matter

Buying a business, buying your building, or refinancing a loan that's coming due



## At a glance

|                 | SBA 7(A)                                    | SBA 504                                       |
|-----------------|---------------------------------------------|-----------------------------------------------|
| <b>Best for</b> | Buying a business, working capital, buyouts | Owner-occupied buildings, major equipment     |
| <b>Maximum</b>  | \$5 million                                 | SBA portion up to \$5M (\$5.5M manufacturing) |
| <b>Down</b>     | About 10% on a business purchase            | 10% standard · 15% startups · 20% special-use |
| <b>Rate</b>     | Variable; capped at prime + 3%              | Fixed, recently ~6.6–7.0%                     |
| <b>Term</b>     | 10 yrs business · 25 yrs real estate        | 10, 20 or 25 years · SBA portion fixed        |

## How the math works

### Buying a \$1.5M business

10% down (\$150K). \$1.35M 7(a) at 10% over 10 years.

**≈ \$17,840 / month**

Business needs ~\$270K/yr cash flow (1.25 coverage).

### Short on cash? Seller note

Seller carries up to half the down payment (\$75K here) if it's on full standby for the life of the loan.

**\$75K down instead of \$150K**

### Buying a \$3M building (504)

\$300K down · \$1.5M bank · \$1.2M SBA fixed · 25 yrs

**≈ \$19,500 / month**

Build equity instead of paying rent.

### 504 bank loan coming due

\$2M over 25 yrs: ~\$10,557/mo at 4%. At 7%:

**≈ \$14,136 / month**

About \$3,600 more. Plan 6–12 months ahead.

## New rules to know

- Most business purchases again require about a 10% equity injection (SOP 50 10 8).
- A seller who keeps any ownership must personally guarantee the loan for 2 years.
- As of March 2026, owners must be U.S. citizens or U.S. nationals.

### YOU'RE INVITED · FOOD & ENTERTAINMENT

## BRG Mortgage & Insurance Event

**Wednesday, October 21 · 2:00–7:00 PM**

BRG Event Center · 1912 Camden Ave, San Jose

Meet lenders, insurance pros and BRG agents. Bring your loan questions, including a loan coming due.

**Please RSVP:** call or text the number below.

Examples as of October 2026, not loan quotes. Rates, terms and eligibility change; all loans are subject to lender approval. Confirm current terms with BRG Mortgage or your lender.



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