



SBA Loan for Energy Efficient Buildings, Green Building Construction, Green Retrofit & Renovation And Renewable Energy Production for Business Use

Green 504 Loans

The **SBA Green 504 Loan** has multiple benefits:

- It allows for both larger SBA loans **and** multiple SBA loans to the same applicant(s).
- The Green 504 loan is a second mortgage that can be as much as \$5.5 million which makes transactions in the **\$12 to \$20 million** range possible...AND...loans are available on a "**per project**" basis. In other words, the "regular" SBA maximum eligibility limits of \$5 million per borrower **DO NOT** apply and larger businesses are able to utilize multiple 504 loans on multiple buildings.
- The usual **SBA 504** jobs creation/jobs retention requirements **DO NOT** apply making larger loans for businesses with fewer employees possible. This could be very useful for qualifying [self storage businesses](#), [hotels](#), parking garages and others with lots of square footage but few employees.
- It also provides financing for both small and mid size businesses to acquire, build or possibly **refinance** energy efficient buildings. The larger loan sizes are more suitable to larger businesses and the recently expanded maximum tangible net worth and income requirements of \$15 million and \$5 million respectively make it easier for larger businesses to qualify.

How To Qualify For the Green 504

The easiest way to qualify is to acquire or construct a building that uses **10% less energy than what you are currently using**. It is important to remember that the 10% reduction is in **energy consumption** *not* dollars saved on lower utility bills.

Qualifying examples assuming you currently own or lease:

1. You can qualify if you lease or own a building now and finance another building that will consume 10% less energy than the building you currently own or lease.
2. You can qualify if you lease a building now and you decide to purchase it and make improvements to it that cut your energy consumption by 10%. This could be as simple as a **lighting retrofit using LED lighting** since lighting typically accounts for 20 to 30% of a building's energy use.
3. You can also qualify if you lease or own a building now and you build a new facility that is 10% more energy efficient. Again, lighting is a great way to accomplish this, but there are numerous other means as well including better insulation, [modular construction using structurally insulated panels](#), a better HVAC system, energy efficient windows, etc..

Remember, *the 10% reduction is calculated based on **energy consumption not a reduction in energy bills***, so efficiency is the goal, not just lower utility costs.

AmPacTri-State CDC Would Be Honored To Finance Your Growth Today!!!

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Qualifying if you do not own or lease a building now:

Another way to qualify for the Green 504 is to acquire or build a new building that *produces* enough of its own renewable energy to cut its energy consumption based upon what it would have been without the improvements.

If you do not own a building currently and have no baseline for energy consumption then SBA requires that you *produce* enough of your own energy to cut your consumption by the required 10% since you do not have an existing building to benchmark against.

You can produce the energy multiple ways using any of the common sources of renewable energy (**solar, wind, geothermal**, etc.) and the costs of installation can be included in the loan amount.

Renewable Energy Production for Customers

You can also qualify if your business produces renewable energy or renewable fuels for others - *or for sale to the local utility*. This is easier for existing businesses and more difficult for startups as many lenders are still in recovery mode and prefer to lend to more traditional businesses.

Most lenders are generally unwilling to approve financing of anything like a solar farm, but it is certainly possible that a loan could be approved for a business that manufactures a renewable product for sale to others. A good example would be a business that produces **energy from waste** that needs to expand and needs to open a new facility.

Get More Eligibility By Going Green

As mentioned above, one of the key benefits of the Green 504 is it removes the typical maximum \$5 million SBA eligibility limit per borrower which typically prevent successful businesses from gaining access to more credit guaranteed by the government.

And in the current environment many lenders are unwilling to lend without a government guarantee of some type and the Green 504 opens up possibilities for many businesses in need of financing.

As a result, a business can now acquire and build multiple facilities using the new maximum amount of SBA financing of \$5.5 million for each project. And keep in mind, \$5.5 million is the amount of the *second mortgage guaranteed by SBA* which usually equates to 30 to 40% of the total financing and there is technically no limit on the amount of the first mortgage, so projects in the **\$10 to \$20 million range** are financeable.



More 504 Green Information:

Solar Power

Solar Power is the most common and abundant form of green power or renewable energy. It is also one that many businesses can utilize since many have roof space or available land for solar panel installation.

If you are financing or refinancing an owner occupied building you might want to consider incorporating a solar power installation into the project using the 504 program. Manufacturing and (especially) **warehousing businesses** can benefit from solar power since they typically have a larger roof area than most other types of businesses.

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Renewable Energy Production

Businesses that produce **alternative and renewable energy** on site also qualify for maximum financing. Biofuel/Biodeisel or ethanol producers are good examples of businesses that could use the 504 for the purchase of energy producing equipment or expansion of their facilities.

Green Energy Production

Businesses engaged in green and renewable energy production can build or renovate commercial property and facilities with an SBA 504 loan. Businesses that produce or manufacture any of the following types of renewable energy may qualify:

- **Solar Power**
- **Wind Power**
- **Hydro Power**
- **BioMass, BioDiesel**
- **GeoThermal Energy**
- **Ocean Thermal**

Buildings or Facilities Constructed or Renovated Using Sustainable Design

Incorporating "sustainable design" into your commercial building project also enables you to take advantage of the **SBA 504 loan**. By working with qualified architects and engineers and within the guidelines set by the Leadership in Energy and Environmental Design (LEED) standards, your project should be eligible for the Green 504 and you would reap the many benefits of having a green building. (**Sustainable Design** or **LEED certification** do not by themselves qualify a building for the program, but it is very likely that a facility built to be sustainable or using LEED standards will be 10% more energy efficient.)

Additional reasons to consider the 504 program:

- The 504 program is one of a few **affordable commercial loans** available at this time
- 504 loans are available with as little as **10% down/10% equity**
- Businesses with net (after tax) income of up to **\$5 million** can now qualify
- The 504 is **long term fully amortized financing at [below market rates](#)**
- Going Green can help you get **[more SBA Eligibility](#)**
- You can use the 504 program to finance renewable, green energy equipment

Please contact us at **1-909-915-1706** to find out more about Renewable Energy and **504 LOAN FOR GREEN PROJECTS** and to see how our expertise with the 504 loan can help your business.

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