

## SBA 504 vs SBA 7(a) Loan Comparison

Feature	SBA 504 Loan	SBA 7(a) Loan
Max Loan Size	\$5M SBA portion + bank loan (no hard cap)	\$5M total (SBA portion only)
Loan Structure	50% bank + 40% SBA + 10% down	Single SBA-backed loan (typically 80–90% LTV)
Ideal Use Case	Real estate + fixed equipment	Business acquisitions, working capital, etc.
Interest Rate	SBA: Fixed (~6.5%) Bank: Fixed/Var (~7.5%)	Variable (Prime + 2–3%), sometimes fixed
Amortization Term	SBA: 20 or 25 yrs Bank: up to 25 yrs	Usually 10 yrs (25 yrs max for RE-heavy loans)
Down Payment Required	10–15% (typical)	10–20%, sometimes more
Collateral Requirements	Project assets used as collateral	Business & personal collateral required
Prepayment Penalty	Yes – 10 years on SBA portion	Yes – 3 years declining
Speed / Complexity	More paperwork (2 lenders + CDC)	Simpler process, 1 lender
Best For	Real estate + long-term growth	Buying businesses or general-purpose needs
Loan Amount Example	\$1.75M (bank) + \$1.4M (SBA)	\$2.8M (SBA-backed)
Monthly Payment (est.)	~\$23,370 (longer term)	~\$27,000 (shorter term)
Interest Rate (avg.)	~7.0% blended	~8.0%+ variable
Total Interest (est.)	~\$3.23M over loan life	~\$3.6M or more (shorter term)