

CONSTRUCTION TO SBA 504 PROGRAM



AVANA Capital is a Nationwide Commercial Real Estate Lender for businesses in a range of industries. Our firm provides lending on new construction for projects up to \$25 million in size. We've funded more than \$850 million in loans resulting in 9,000 new jobs created and maintained.

Loan Guidelines

Minimum Loan Amount
\$500,000

Hospitality / Special Use
DSCR 1.25x | LTV 85%
Multi-Use
DSCR 1.10x | LTV 90%

Eligible Properties for Lending

- Hotels
- Assisted Living Facilities
- Skilled Nursing Care
- Grocery Stores
- Schools/Day Cares
- Insurance Offices
- Physician Offices
- Veterinary Clinics
- Pharmacies
- Dealerships
- Manufacturing/Industrial
- And Many More...



West Chester, Ohio

\$18.75 million with SBA 504 Green Loan
Ground up construction for hotel,
restaurant and events center



Marina, California

\$15.5 million with SBA 504 Green Loan
Ground up construction for hotel



Lompoc, California

\$20.9 million with SBA 504 Green Loan
Ground up construction for hotel

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AZ CBK# 0921662 | CA DBO# 603K752

CONSTRUCTION TO SBA 504 UNDERWRITING GUIDELINES

Equity	15% - 20% hard equity contribution, cash + land (at cost), is required.		
Global Debt Service Coverage Ratio	Borrower must pledge properties/entities to AVANA Capital that can provide global DSCR support from surplus cash flow for 0.50x - 1.00x as determined in underwriting.		
Contingency	10% contingency and construction term interest reserve must be accounted for in the project cost.		
Post-closing Liquidity	5% - 10% of total loan amount (1 st + 2 nd mortgage amount), available upon completion of construction.		
Property Tax	Monthly escrow of insurance and property tax payments is required.		
Third Party Cost Review	Borrower must agree to third party cost review, contractor evaluation report, and third party fund monitoring during construction. All related costs may be included in project cost.		
Performance Bond	Borrower may be asked to provide performance bond from their contractor or completion guarantee. Subject to third party review of contractor.		
SBA Eligibility	The borrower must be eligible under the SBA 504 or SBA 504 Green Loan initiative programs.		
Minimum FICO Score	680		
Ownership Experience	Three years minimum ownership experience demonstrating successful (profitable) operation of same business.		
Maximum LTV For 1st Trust Deed	Multi-Purpose	50% - 55%	<i>(Maximum LTV – Up to 90% on total project cost)</i>
	Hospitality & Special Purpose	50% - 55%	<i>(Maximum LTV – Up to 85% on total project cost)</i>
Cash Collateral <i>(May be required)</i>	Additional cash collateral equivalent to 5% to 10% of the total project cost may be required during the construction phase if the Borrower and Guarantors do not meet the Global Debt Service Coverage Ratio requirements. Cash Collateral will generally be released upon completion of construction and issuance of the SBA 504 debenture.		
Additional Hospitality Requirements	Lender approved limited-service or select-service franchises only. Property must be located in an economically diverse community with a population >50,000.		