



LISC/Morgan Stanley 504 Small Business Loan Fund

A collaboration between LISC's New Markets Support Company (NMSC), Morgan Stanley and CDC Capital Markets to bring SBA 504 first mortgage loans to businesses in disinvested areas at below-market rates



Eligibility

- Located in one of LISC's 30 program cities or in a Rural LISC program area; check locations at <http://www.lisc.org/section/locations/offices>
- Located in an NMTC-qualified census tract; look up location eligibility via the mapping tool at <http://www.newmarkets.org>

Program Parameters

- First mortgage loan amounts from \$250,000 to \$2,500,000 (covers 50% of project costs) to be used for real estate acquisition and/or capital improvements at for-profit businesses
- Properties must be multi-purpose (i.e. not single-purpose/specialized), and the borrower must occupy at least 51% of the space
- Collateral coverage – Max 60% LTV
- Personal credit – Minimum FICO of 680
- Cash flow coverage – Generally consistent with CDC global cash flow
- Minimum DSCR of 1.0x for last fiscal year and interim
- Premium of 3.0% to selling bank/CDFI (no mark-up allowed)
- Morgan Stanley to direct-fund all loans
- Eligible passive company must be created for all transactions
- 7-year lock out with no prepayment allowed
- Loan fee of 0.5% for SBA participation fee

Rates and Conditions

- 30-year loan: interest-only for 3 years followed by 27-year amortization
- Rate fixed at 5-year LIBOR swap + 275 basis points for 7 years
- After 7 years, rate adjusted to 90-day LIBOR swap + 350 basis points with quarterly resets
- For current LIBOR swap rates: <http://www.federalreserve.gov/releases/h15/update/>

For assistance and more information

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