

Sample BDC Loan: Restuarant

The Business Development Center:
Commercial Loan Financing and Technical Assistance Network

Contact the BDC at fdc@ura.org
or contact 412.255.6669

BUILDING PITTSBURGH WITH



The URA's Business Development Center's mission is to help business's grow and succeed.

Business Case

A new restaurant is opening in an up and coming business district. The restaurant purchases an historic building to occupy and rehabilitate. The startup costs include \$250,000 for acquisition, \$220,000 for renovations, and \$100,000 in working capital.

Financing Solution

The BDC identifies this as a perfect SBA 504 deal as the building will be 100% owner occupied. The BDC coordinates with the firm's bank to structure an SBA 504 deal on the real estate and rehabilitation and lend \$90,000 for working capital. The SBA 504 is collateralized by the real estate and is a 20 year fully amortizing loan at a 6.5% fixed

interest rate. The BDC working capital loan is 5 years, 6.5% 10 year amortization with a balloon collateralized by equipment and a 2nd mortgage on the primary owner's personal home.

Project Costs

Real Estate Acquisition	\$250,000
Renovations + Soft Costs	\$220,000
Working Capital	\$100,000
Total Project Cost	\$570,000

Project Benefits

- Rehabilitation of vacant historic structure
- Exciting new business for transitioning commercial district
- New jobs

Loan Structure

Bank/Private Lender (50% of RE)	\$235,000
SBA 504 (40% of RE)	\$188,000
BDC WC	\$ 90,000
Equity	\$ 57,000
Total Project Cost	\$570,000