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## Turn tenants into buyers with SBA 504 lending

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Small business can create significant equity opportunity for their businesses by utilizing the SBA 540 lending program. The effective cost of ownership to tenants can significantly reduce their business occupancy costs and increase the cash flow by utilizing this program. An owner must occupy a minimum of 51% of the purchase space. Here is a basic simplified structure of how the program works. The SBA lending program provides long term fixed-rate financing for up to 40% of the approved costs. A borrower's bank provides 50% first mortgage, leaving a potential borrower with a nominal 10% down payment. Often SBA lenders can also allow owner participation of the 10% further reducing a buyer's equity injection.

These are perfect times to assess a lease client's situation. Prices are low, there is surplus vacant property and attractive interest rates create a perfect storm. Here are some essential elements for a tenant to evaluate prior to pursuing this activity. Space requirements: can the building you look at accommodate both you present and long term needs? Length of Occupancy: do you plan to stay long term? Exit Strategy: Will you sell or lease the building when you move out?

An experienced Broker can easier demonstrate the effective cost of ownership vr. Cost to lease. By equalizing the benefits off ownership and compare them to the expense of leasing, one will often discover that the effective cost per square foot own owning is much less than leasing. By owning you can reduce your occupancy costs, increase your cash flow to your business and generate capital accumulation for your retirement and increase your wealth accumulation.

So why should you own your building? You get to control your operating costs, increase your assets on your balance sheet, participate on the tax benefits of ownership, and add successful planning to your retirement portfolio. The best place to start would be the call one of our local KW Commercial Broker's listed here, who are trained to assist you in evaluating to make a good decision and transition from Tenant to Owner!

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