



SBA 504 LOANS

COMMERCIAL REAL ESTATE | EQUIPMENT | REFINANCE

504 Loans offer a full suite of lending solutions...

Proof the SBA 504 Loan Program Works...

In 2017 alone, the 504 Loan Program helped 6,200 businesses grow with over \$5 billion in expansion dollars. The 504 offers SBA guaranteed funds through a partnership with local banks for financing new buildings, new equipment, major renovations, or refinancing. Whether it's projects totaling \$500,000 or north of \$5 million, our mission is to help businesses expand.

Equipment	<ul style="list-style-type: none"> • Heavy equipment or machinery with a useful life of >10 years • 10-year fixed term • Commercial printers, food processing equipment, digital imaging
Non-Typical Businesses	<ul style="list-style-type: none"> • Agribusiness (grain elevators, irrigation equipment, processing facilities) • Care-providers (assisted living facilities, nursing homes, rehab facilities) • Passive-income properties (Mini storage facilities, RV parks, marinas)
Special-Use Properties	<ul style="list-style-type: none"> • Bowling alleys, sports arenas, amusement parks, cold storage facilities • 85% financing for special-use • No limit on total loan amount
Green Energy	<ul style="list-style-type: none"> • New projects can be built with sustainability features that represent an improvement in performance of 10% or more • Existing facilities can be upgraded for energy savings of 10% or more • Renewable energy generating equipment can be installed, such as solar panels or wind-powered turbines.
Refinance	<ul style="list-style-type: none"> • Real estate loans, lines of credit • Pending balloon payments or consolidations • 90% advance rate (or 85% advance rate with cash out)
Simultaneous Loans	<ul style="list-style-type: none"> • Using the 504 for commercial real estate and 7a for inventory • Using the 504 multiple times to purchase additional retail stores • Using the 504 for commercial real estate and again for equipment
Liquidity Issues	<ul style="list-style-type: none"> • 90% financing • Loan can include soft costs, closing costs and equipment • Fully amortized for the life of the loan



Advantages of the 504 Loan Program

Long Payback Terms

Equipment purchases have a 10-year term and real estate projects have a 20-year term.

Low Down Payments

Down payments are lower than utilizing a straight conventional source; in most cases just 10%.

Fixed Interest Rates

The interest rate on the 504 portion is fixed for the life of the loan, giving borrowers predictable payments. And the interest rates are typically competitive with, and sometimes better than, other financing programs.

Finances Total Project Costs

The SBA 504 allows for business owners to finance construction costs, closing costs and soft

costs, including architectural fees, engineering fees, surveys, title insurance and more within the loan. Furniture, fixtures, landscaping, signage, parking lots and equipment can also be included. This allows borrowers to retain more of their working capital for other expenses.

Facilitates Further Expansion Possibilities

After businesses expand into a new commercial property, they may soon need financing again for working capital, inventory purchases or to acquire other businesses. If the 504 was used for the real estate purchase, there is still plenty of 7(a) dollars left available for meeting these needs. In addition, the 504 can be used simultaneously up to the maximum SBA loan limits.

No Future Balloon Payments

With the 504, borrowers do not have to concern themselves with saving the large amount of cash necessary for a balloon payment. This eliminates the need for refinancing, additional appraisals and deterioration in property values.

Keep Your Current Lender

The 504 Loan Program requires a partnership between Growth Corp and a lending institution, so there's no need to give up that lending relationship you've grown comfortable with.

"The 504 Loan Program offers a great opportunity for fixing occupancy costs."

SBA 504 LOANS



“It is nearly impossible to drive through our state and not see businesses that have funded their growth, and, thus, positively impacted communities, by use of the 504.”

128,000 LOANS	Approved for Small Businesses since 1991
\$70 BILLION	Capital Leveraged for Small Businesses since 1991
2.1M JOBS	Created or Retained since 1991

These historical numbers demonstrate how effective the 504 Loan Program has been in promoting business expansion and allowing banks to extend credit when they may not otherwise have been able to.

What Can SBA 504 Loans Be Used For?

Proceeds from SBA 504 Loans can be used for purchasing land and its improvements (including grading, street improvements, utilities, parking lots and landscaping); construction of new facilities; modernizing, renovating, or converting existing facilities; or purchasing machinery and equipment. Proceeds can also be used to refinance existing qualified debt.

★ Typical 504 Borrowers ★

INDUSTRIAL

Food Manufacturers Steel Production
Commercial Printers Packaging Companies
Machine Shops Warehousing Facilities
Wholesalers Grain Elevators
Freight and Transport Recycling

SERVICE AND RETAIL

Restaurants Convenience Stores
Retail Stores Auto Repair Shops
Health Clubs Assisted Living Facilities
Child Care Facilities Funeral Homes
Farmer's Markets Recreation Facilities

PROFESSIONAL

Medical Offices Rehab Centers
Attorneys Real Estate Offices
Dentists Veterinary Offices
Accountants Architects
Physical Therapists

Case Study



CHALLENGE

A manufacturing firm had outgrown their leased facility and needed to move to a larger building. While purchasing the real estate made sense, allocating the cash for a down payment was a problem.



SOLUTION

Utilizing the 504 Loan Program, 90% of the project costs were financed thereby conserving the company's cash and preserving the necessary working capital to support continued growth.



RESULT

The combined monthly payment on the acquisition of their new building is actually less than their lease payment was and the company was able to stay local. In addition, with more space they expanded production and added 5 new, full-time jobs.

504 Loans Grow Communities

SBA 504 Loans allow businesses to build a long-term foundation in their community. Check out how the 504 helps communities:

- Job creation and retention
- Local economic growth & reinvestment
- Encourages free competitive enterprise
- Helps maintain local consumer spending
- Increases consumer confidence
- Supports the development of minority, women and veteran-owned businesses
- Revitalizes business districts
- Expands capital access in economically disadvantaged rural areas
- Encourages innovation

Growth Corp is a not-for-profit organization empowered by the U.S. Small Business Administration to marshal the 504 Loan Program to small businesses. Growth Corp is focused exclusively on local economic development, small business growth and job creation. Since 1992, Growth Corp has helped thousands of small businesses gain access to the capital they need, correlating to billions in 504 financing.

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