

SBA's 504 Loan

Fixed Asset Financing for Small Business

U.S. Small Business Administration



504 Loans Can Be Used To . . .

- ✓ Purchase land and construct new buildings
- ✓ Purchase and renovate existing buildings
- ✓ Acquire and install machinery
- ✓ Expand existing facilities

Advantages of an SBA 504 Loan

- ✓ Low down payment - As little as 10%
- ✓ Long term repayment - 10 or 20 years
- ✓ Low, fixed interest rate on 504 Loan

Borrower 10%

504 Loan Structure

Example: **\$3,750,000 Project**

	<u>\$ Amount</u>	<u>% of Project</u>	<u>Security</u>
Bank Loan	\$1,875,000	50%	1st Lien
SBA/CDC Loan	\$1,500,000	40%	2nd Lien
Borrower	<u>\$ 375,000</u>	<u>10%</u>	
Total:	\$3,750,000	100%	

Bank
Loan
50%



SBA/CDC Loan 40%

504 Financing works best on general projects up to \$5 million and on manufacturing projects up to \$10 million.

Illinois has 7 Certified Development Companies licensed by SBA. These CDCs work closely with borrowers and their banks to package, process, and service 504 loans. The loans are funded by the sale of SBA guaranteed debentures on Wall Street. These government guaranteed bonds enable 504 borrowers to obtain low, fixed interest rates on 10 or 20-year loans. Call one of the CDC's offices listed below to find out if a 504 Loan is right for you!

CenterPoint 504, NFP	University Park, IL	Hillary Burkinshaw	(708) 534-4928
Illinois Bus. Financial Services	Peoria, IL	Charles Randle	(309) 674-5800
Lake County Partnership	Libertyville, IL	Dave Young	(847) 247-0137
Rockford Local Development Corp.	Rockford, IL	John Phelps	(815) 987-8675
Small Business Growth Corp.	Springfield, IL	Douglas L. Kinley	(800) 577-2772
Small Business Growth Corp.	Chicago, IL	Joel Herscher	(773) 880-1455
Small Business Growth Corp.	Orland Park, IL	Brian Comiskey	(847) 648-6300
SomerCor 504, Inc.	Chicago, IL	David Frank	(312) 360-3312
South Central Illinois Regional	Salem, IL	Fred Walker	(618) 548-4234