

### **SBA 504**

Fixed asset loans for small business expansion needs that are well-suited for construction & renovation projects and/or equipment purchases that will create or retain jobs. Available throughout Ohio & eastern Indiana

### **ELIGIBLE USES OF FUNDS**

- Purchase of real estate & existing buildings or new construction
- Purchase of capital equipment
- With expansion project, refinance of existing debt may be included (subject to certain terms and conditions)\*

### **TYPICAL STRUCTURE**

- 50% from private sector lender (third party lender, or TPL)
- 40% from BizCap (504 loan)
- 10% equity down payment from the small business (start-up & limited purpose building may require equity injection up to 20% of project)

### **MAXIMUM LOAN AMOUNT**

- \$5 million (standard 504 loan maximum)
- \$5.5 million (loans to small manufacturers & for projects meeting the public policy goal of energy reduction or alternative fuels)

### **TERM**

- 10, 20 or 25 years for real estate
- 10 years for equipment

### **INTEREST RATE**

- Competitive fixed rate for term of loan

### **COLLATERAL**

- Second mortgage or lien on assets purchased with the loan

### **REQUIREMENTS**

- Business must be a for-profit corporation, partnership, or proprietorship
- Net worth of business must not exceed \$15 million, and average annual profit after tax may not exceed \$5 million for last 2 years
- Business must meet size standards for small business by NAICS code
- Personal and/or corporate guarantees
- One job created or retained for every \$75,000 loaned (\$120,000 for “small manufacturing”); creation must occur within 2 years of closing; no job commitment required for projects meeting a federal public policy objective\*

### **INELIGIBLE BUSINESSES**

- Passive investment companies, not-for-profit corporations, unregulated media firms, lending institutions, gambling, amusement parks, and real estate investment companies

### **FEES**

- \$500 loan application deposit – due at application for loan; will be refunded at loan closing
- Approx. 2.16% loan issuance fee (financed into your 504 loan)
- ½% fee on the loan balance (to be paid by your lender at or near the loan closing)
- BizCap closing costs including title search & insurance fees, legal fees, filing fees, etc.; \$2,500 of these costs may be financed in with the loan.

\* See your BizCap lender for more information.