YOUR SBA 504 LOAN GUIDE

The U.S. Small Business Administration (SBA) created the 504 loan program in 1980 to provide accessible financing for growing businesses seeking owner-occupied commercial real estate.

504 BENEFITS FOR BUSINESSES

| As little as 10% down payment to preserve working capital | No additional collateral required | Decreased risk for lenders | No limit on total project costs | Below-market FIXED rates, 20 year and 10 year terms |

Maximums on SBA Loan Portions

- $5.0 million for most projects
- $5.5 million for manufacturing projects
- $5.5 million when “Go Green” initiatives are met
- No maximum limit placed on total project cost or lender’s first mortgage

How Funds May Be Used

- Acquisition of an existing building (51% occupancy)
- Building expansion or renovations
- Equipment
- Fixed assets from business acquisition
- Land and new construction

Borrower Contribution

- As little as 10% down payment for most loans
- 15% for start-up businesses (within two years) or special-use properties
- 20% if project is a start-up and a special-use property

Program Goals

- Job creation
- Expansion of lending to women, minorities and veterans
- Assisting U.S. manufacturing
- Rural and underserved area development
- Expansion of lending to businesses that “Go Green”

Go Green Qualifications

- LEED certified buildings
- Projects that reduce energy consumption by at least 10%
- Projects that generate renewable energy
- Qualify for purchase of multiple properties (no cap)
- Unlimited total project cost (SBA portion capped at $5.5 million)

ARE YOU QUALIFIED?

✓ Private, for-profit businesses in the U.S.
✓ Seeking financing for equipment or an owner-occupied building (minimum 51%)

How is an SBA 504 loan structured?

Using the example of a $4 million purchase with improvements of an additional $1 million, the financing for a project totaling $5 million would look like this:

<table>
<thead>
<tr>
<th>Conventional loan (1st)</th>
<th>SBA 504 loan (2nd)</th>
<th>Owner down payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500,000</td>
<td>$2,000,000</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

Total project $5,000,000 100%

NGCDC
A Certified Development Company

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**Why Choose 504 Financing?**

**Did You Know?**
- Most privately held companies are eligible for SBA financing.
- SBA 504 Program provides up to 90% financing that helps owners preserve working capital.
- SBA 504 provides special savings for U.S. Veteran-owned businesses.
- An unlimited number of SBA 504 loans are available, even if 504 or 7a borrowing limits were already met (when businesses “go green”).

<table>
<thead>
<tr>
<th></th>
<th>504</th>
<th>7A</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Size</strong></td>
<td>No Maximum</td>
<td>Maximum Loan Amount $5MM</td>
<td>No Maximum</td>
</tr>
<tr>
<td><strong>Down Payment</strong></td>
<td>10% Minimum</td>
<td>10 - 15% Minimum</td>
<td>25 - 40%</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td>Included in SBA Loan Amount at approx. 2.65%</td>
<td>Paid out of pocket at 2% to 3.75% of the Loan Amount</td>
<td>Paid out of pocket at approximately 1%</td>
</tr>
<tr>
<td><strong>Interest Rates</strong></td>
<td>SBA 2nd Loan at Below-Market, Fixed-Rates for 20 Years</td>
<td>Typically Variable Rate Tied to Prime</td>
<td>Varies by Lender</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>No Additional Collateral Required</td>
<td>Additional Collateral Typically Required for 90% Financing</td>
<td>Typically No Additional Collateral</td>
</tr>
<tr>
<td><strong>Prepayment Penalty</strong></td>
<td>Yes – 10 years, declining each year</td>
<td>Yes – Typically 3 years</td>
<td>Varies by Lender</td>
</tr>
</tbody>
</table>

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