

CHAPTER 8

SBA 504 LOAN PROGRAM FACT SHEET

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ELIGIBLE USES OF THE SBA 504 LOAN:

1. For the purchase of existing building and land.
2. For the purchase of land and the construction of a new facility - must be owner occupied.
3. For renovation, additions, and/or leasehold improvements.
4. For site and land improvements related to the project including at least 5% towards sidewalks, curbs, etc.
5. For major pieces of machinery and equipment that has a useful life of up to 10 years or more.
6. For a small percentage of furniture, fixtures, and office-type equipment.
7. For soft costs related to the project - your attorney and accountant, architect, site planner, engineer, etc.
8. For interim closing costs, including interim interest.
9. An allocation of 10% contingency on any construction or renovation line items.
10. Most fees associated with the funding and closing of the 504 loan can be added to the 504 financing amount. Cannot fund CDC's Closing Attorney's fee (approximately \$2,500.00).

SBA 504 ELIGIBILITY FACTORS:

1. The business and any affiliates must have a net worth less than \$7 million.
2. The business and any affiliates must have net profits after tax of less than \$2.5 million in the last two years.
3. There must be one (1) job created for every \$35,000 of SBA 504 funds, *unless project meets one of the following exceptions:*
 - (A) Business District Revitalization
 - (B) Expansion of an Export Company
 - (C) Expansion of a Minority owned business (51% or more minority ownership)
 - (D) Expansion of a Veteran owned business (51% or more veteran ownership)
 - (E) Expansion of a Woman owned business (51% or more woman ownership)
 - (F) A Rural Development Project
 - (G) Enhanced economic competition (ex: plant re-tooling)
 - (H) Changes necessitated by Federal Budget cutbacks (ex: military)
 - (I) Business is restructuring arising from federally mandated standards or policies (ex: pollution control, OSHA requirements, etc.

SBA FUNDING LIMITS:

SBA's 40% + the 504 fees can be up to \$1,000,000, unless the applicant meets one of the exceptions listed above as (A) - (I). In this case the 504 loan can be up to \$1,300,000, including 504 fees.

STRUCTURE OF THE SBA 504 LOAN:

In most existing business cases, 50% of the project is funded through a local Participating Commercial Lender, 10% of the project comes from the Applicant as equity - can be cash or land/building value, and 40% of the project is funded by the CDC by using the SBA 504 Loan Program. For new businesses, 2 years old or less, 15% equity is required. For special purpose properties, 15% equity is required. For a new business and a special purpose property, 20% equity is required. In all cases, CDC's portion is reduced when equity is increased.

- * On Real Estate Loans - the 504 loan can have a term of 20 years and the rate is FIXED at funding(usually 1 - 2 points below conventional rates in your market area).
- * On Machinery and Equipment Loans Only - the 504 loan can have a term of 10 years and the rate is FIXED at funding.

***Lenders can meet their CRA requirements when they utilize the 504 loan program*

<http://www.sba.gov/banking/index504.html>

Florida's Certified Development Companies

1. **Alacom Finance**
3 Office Park Circle, Suite 300
Mountain Brook, Al 35223
Contact: Diane Roehrig
Phone: (205) 942-3360
Fax: (205) 870-3885
E-Mail: alacom@worldnet.att.net
2. **Business Development Corporation of Northeast Florida, Inc.**
6850 Belfort Oaks Place
Jacksonville, Fl 32216
Contact: Steven Mahaven
Phone: (904) 279-0850
Fax: (904) 279-0881
E-Mail: smahaven@bdcjaxnfl.org
3. **Florida Business Development Corp.**
6801 Lake Worth Road, Suite 209
Lake Worth, Fl 33467
Contact: Emmanuel Manos
Phone: (561) 433-0233
Fax: (561) 433-8545
E-Mail: fbdc504@aol.com

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| 4. | Florida First Capital Finance Corporation

1351 North Gadsden Street
Tallahassee, FL 32303 | Contact: <u>Todd Kocourek</u>
Phone: (850) 681-3601
Fax: (850) 681-3699
E-Mail: info@ffcf.com |
| 5. | Jacksonville Economic Development Co., Inc.

1300 Riverplace Boulevard, Suite 105
Jacksonville, FL 32207 | Contact: <u>James Taylor</u>
Phone: (904) 630-1906
Fax: (904) 630-1485
E-Mail: jim.T@jedco.net |
| 6. | North Central Florida Areawide Dev. Co.

2009 NW 67th Place, Suite A
Gainesville, FL 32653 | Contact: <u>Jim Emerson</u>
Phone: (352) 955-2199
Fax: (352) 955-2209
E-Mail: emerson@adco.org |
| 7. | Southwest Florida Regional Dev. Corp.

4980 Bayline Drive, 4 th Floor
N. Ft. Myers, FL 33917 | Contact: <u>Thomas Wallace</u>
Phone: (888) 504-7935
Fax: (941) 656-7724
E-Mail: admin@srdcorp.org |
| 8. | St. Petersburg Certified Development Corp.
d/b/a Gulfcoast CDC
227 Second Avenue, North
St. Petersburg, FL 33731 | Contact: <u>Ron Reuss</u>
Phone: (727) 895-2504
Fax: (727) 822-2504
E-Mail: gcfdc@tampabay.rr.com |
| 9. | Tampa Bay Economic Development Corp.

2105 North Nebraska Ave, 3rd Floor
Tampa, FL 33602 | Contact: <u>Ken Hornung</u>
Phone: (813) 274-7969
Fax: (813) 274-7551
E-Mail: kehornung@aol.com |
| 10. | Southern Development Council, Inc.

8132 Old Federal Road
Montgomery, AL 36117 | Contact: <u>Tamara Lee</u>
Phone: (334) 244-1801
Fax: (334) 244-1421
E-Mail: tylee@sdcinc.org |