



WHAT IS THE 504 PROGRAM?

Co-Lender financing designed to facilitate the acquisition of fixed assets for small businesses.

WHO CAN QUALIFY?

- ✓ Most for-profit, owner-occupied small businesses in the U.S.
- ✓ Net worth less than \$15.0 million
- ✓ Net profit after tax (2 year average) of no more than \$5.0 million (including affiliates)

ELIGIBLE USE OF FUNDS

- ✓ Land
- ✓ Acquisition of Existing Building
- ✓ New Construction
- ✓ Fixed Assets from Business Acquisition
- ✓ Building Expansion/Renovation
- ✓ Long-Term Equipment
- ✓ Professional Fees
- ✓ Lender's Interim Points & Interest
- ✓ Debt Refinance (Expansion Projects – debt refi may not exceed 50% of the new expansion costs)



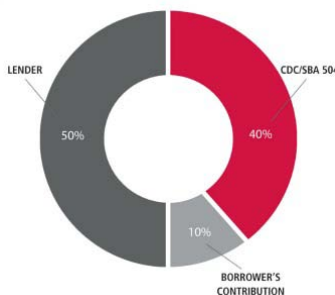
INELIGIBLE USE OF FUNDS

- ✓ Working Capital
- ✓ Inventory
- ✓ Goodwill Assets from Business Acquisition
- ✓ Franchise Fees
- ✓ Tenant Improvements

OCCUPANCY

- ✓ 51% for Existing Facilities /Buildings (renovations and expansions are eligible)
- ✓ 60% for Ground-Up Construction Projects (must occupy 80% within ten years)

PROJECT STRUCTURE*



*typical structure, injection requirement increases with NEW & Special Purpose Projects

INTEREST RATE AND TERMS

- ✓ Fixed-Rate - based on Treasury Rates
- ✓ Fully-Amortized over life of loan (No Balloon)
- ✓ Real Estate - 20-year term
- ✓ Machinery & Equipment – 10 - year term
- ✓ Rate “locks-in” when the SBA funds the debenture

MAXIMUM LOAN (SBA PORTION)

- ✓ \$5.0 million (Typical Project)
- ✓ \$5.5 million (Manufacturers)
- ✓ \$5.5 million (if certain Energy Public Policy Goals are met)
- ✓ No Maximum Limit placed on participating lender's loan portion

BORROWER'S INJECTION

- ✓ 10% in most cases
- ✓ 15% for Start-Up Businesses (less than two years in operation) or Special-Purpose Properties
- ✓ 20% if the project is both a Start-Up and Special-Purpose Property
- ✓ Equipment-Only loans may qualify with 10% or 15% injections

JOB CREATION/RETENTION

- ✓ One job for every \$65,000 of the debenture (for most projects)
- ✓ One job for every \$100,000 of the debenture (for manufacturers)
- ✓ Projects are excluded from the job requirement if a Public Policy Goal is fulfilled

