

SBA's 504 Loan . . . Fixed Asset Financing for Small Business



504 Loans Can Be Used To . . .

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

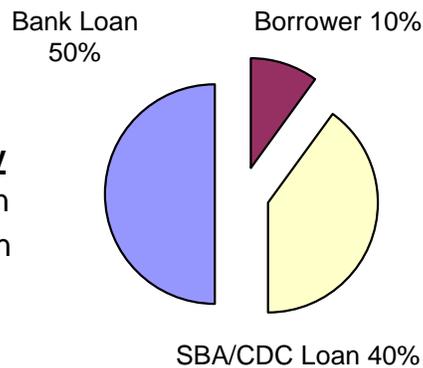
Advantages of an SBA 504 Loan

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

504 Loan

Example: \$3,750,000 Project

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



*15-20% if project is start-up or special purpose realty is involved.

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

How It Works

West Virginia has 3 Certified Development Companies licensed by SBA. These CDC's 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 listed below to find out if a 504 Loan is right for you! The first two serves the entire state of West Virginia and the last one serves the Eastern Panhandle.

West Virginia Certified Development Corp.	Charleston	Joey Browning	(304) 558-3691
Regional Economic Dev. Partnership	Wheeling	Brian Komorowski	(304) 232-7722
Business Finance Group, Inc.	Hedgesville	Elizabeth Wilson	(800) 434-9427

Or contact the West Virginia District Office at (304) 623-5631 or by email at wvinfo@sba.gov if you need additional information.