



SBA 504 LOANS

COMMERCIAL REAL ESTATE | EQUIPMENT | REFINANCE

Growth Corp is Your Lending Partner...

While the 504 Loan Program offers extensive benefits to borrowers, it also provides a lending solution to many common lending challenges. That's one of the reasons why Growth Corp has a solid lending partnership with hundreds of banks...Because the 504 gets deals done. Whether it's projects totaling \$500,000 or north of \$5 million, our mission is to help you say yes.

504 Loans offer a full suite of lending solutions...

Equipment	<ul style="list-style-type: none"> • Heavy equipment or machinery with a useful life of >10 years • 10-year fixed term • Commercial printers, food processing equipment, digital imaging
Non-Typical Businesses	<ul style="list-style-type: none"> • Agribusiness (grain elevators, irrigation equipment, processing facilities) • Care-providers (assisted living facilities, nursing homes, rehab facilities) • Passive-income properties (Mini storage facilities, RV parks, marinas)
Special-Use Properties	<ul style="list-style-type: none"> • Bowling alleys, sports arenas, amusement parks, cold storage facilities • 85% financing for special-use • No limit on total loan amount
Green Energy	<ul style="list-style-type: none"> • New projects can be built with sustainability features that represent an improvement in performance of 10% or more • Existing facilities can be upgraded for energy savings of 10% or more • Renewable energy generating equipment can be installed, such as solar panels or wind-powered turbines.
Refinance	<ul style="list-style-type: none"> • Real estate loans, lines of credit • Pending balloon payments or consolidations • 90% advance rate (or 85% advance rate with cash out)
Simultaneous Loans	<ul style="list-style-type: none"> • Using the 504 for commercial real estate and 7a for inventory • Using the 504 multiple times to purchase additional retail stores • Using the 504 for commercial real estate and again for equipment
Liquidity Issues	<ul style="list-style-type: none"> • 90% financing • Loan can include soft costs, closing costs and equipment • Fully amortized for the life of the loan



Differentiate Your Bank With the 504 Loan Program

Mitigate Credit Risk

Lenders have first lien position and typically a 50% loan-to-value ratio, minimizing collateral risk

Manage Lending Limits and Industry Exposure

Smaller banks can entertain larger projects, while larger banks can limit their exposure to certain industries and borrowers. A bank can also reduce a commercial real estate concentration and avoid regulatory scrutiny. and, thus, positively impacted communities, by use of the 504.

Diversify Customers

The presence of SBA 504 loans in a bank's portfolio leverages lending capacity across more borrowers and diversifies the bank's default risk.

Attract and Retain New Customers

Because SBA 504 loans are designed to finance growth companies, they can be the basis of a long banking relationship when that entrepreneur places their deposits in your bank and returns for additional business financing as their company grows.

Facilitate Further Expansion Possibilities

After businesses expand into a new commercial property, they may soon need financing again for working capital, inventory purchases or to acquire other businesses. If the 504 was used for the real estate purchase, there is still plenty of 7(a) dollars left available for meeting these needs. In addition, the 504 can be used simultaneously up to the maximum SBA loan limits.

Strengthen Earnings

The bank sets the pricing on its first mortgage loan. Plus, 90% financing means more of the borrower's dollars remain on deposit. The bank also earns fees and interest on the interim loan.

Earn CRA credits

Banks that participate in the SBA 504 Loan Program are eligible for Community Reinvestment Act credits on certain projects.

Enhance Community Image

A bank that demonstrates support of its local small businesses is also showing support for the economic development of its community.

"The 504 Loan Program can be the basis of a long banking relationship."

SBA 504 LOANS



“It is nearly impossible to drive through our state and not see businesses that have funded their growth, and, thus, positively impacted communities, by use of the 504.”

128,000
LOANS

Approved
for Small Businesses
since 1991

\$70
BILLION

Capital Leveraged
for Small Businesses
since 1991

2.1M
JOBS

Created or Retained
since 1991

These historical numbers demonstrate how effective the 504 Loan Program has been in promoting business expansion and allowing banks to extend credit when they may not otherwise have been able to.

What Can SBA 504 Loans Be Used For?

Proceeds from SBA 504 Loans can be used for purchasing land and its improvements (including grading, street improvements, utilities, parking lots and landscaping); construction of new facilities; modernizing, renovating, or converting existing facilities; or purchasing machinery and equipment. Proceeds can also be used to refinance existing qualified debt.

★ Typical 504 Borrowers ★

INDUSTRIAL

Food Manufacturers Steel Production
Commercial Printers Packaging Companies
Machine Shops Warehousing Facilities
Wholesalers Grain Elevators
Freight and Transport Recycling

SERVICE AND RETAIL

Restaurants Convenience Stores
Retail Stores Auto Repair Shops
Health Clubs Assisted Living Facilities
Child Care Facilities Funeral Homes
Farmer's Markets Recreation Facilities

PROFESSIONAL

Medical Offices Rehab Centers
Attorneys Real Estate Offices
Dentists Veterinary Offices
Accountants Architects
Physical Therapists

Case Study



CHALLENGE

A manufacturing firm had outgrown their leased facility and needed to move to a larger building. While purchasing the real estate made sense, allocating the cash for a down payment was a problem.



SOLUTION

Utilizing the 504 Loan Program, 90% of the project costs were financed thereby conserving the company's cash and preserving the necessary working capital to support continued growth.



RESULT

The combined monthly payment on the acquisition of their new building is actually less than their lease payment was and the company was able to stay local. In addition, with more space they expanded production and added 5 new, full-time jobs.

504 Loans Grow Communities

SBA 504 Loans allow businesses to build a long-term foundation in their community. Check out how the 504 helps communities:

- Job creation and retention
- Local economic growth & reinvestment
- Encourages free competitive enterprise
- Helps maintain local consumer spending
- Increases consumer confidence
- Supports the development of minority, women and veteran-owned businesses
- Revitalizes business districts
- Expands capital access in economically disadvantaged rural areas
- Encourages innovation

Growth Corp is a not-for-profit organization empowered by the U.S. Small Business Administration to marshal the 504 Loan Program to small businesses. Growth Corp is focused exclusively on local economic development, small business growth and job creation. Since 1992, Growth Corp has helped thousands of small businesses gain access to the capital they need, correlating to billions in 504 financing.

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