

SBA 504 Loan – Refinance Your Existing Commercial Debt Now!



**Long Term Refinancing at
Affordable Interest Rates for
Commercial Real Estate or
Machinery/Equipment Debt**

Trust in Our Strength for Your Growth

BDC Business
Development
Corporation

www.bdcloan.com

The Small Business Administration's "504 loan program" now offers small businesses affordable refinancing with low interest rates and 10 or 20 year terms.

***This special program will end on
September 27, 2012.***

With new financing in place you can focus on running your business and not worry about managing expensive debt. Contact us today – we'll show you how and it's a lot easier than you might expect!

SBA 504 Refinance Loans



From Left to Right: Dan Jones, President and Chief Operating Officer; Beth Wittling, Office Manager and Loan Closing Officer; Tedd Schaffer, Credit Analyst and Loan Officer.



SBA 504 loans have traditionally been used to assist small business by providing access to affordable capital for growth. Traditional 504 loans have been helping small businesses for over 28 years finance the purchase of owner occupied, commercial real estate and for the acquisition of capital intensive equipment and machinery.

Recent legislation now allows SBA 504 loans to be used to refinance existing debt on any property that would have originally qualified for a traditional 504 loan. With SBA 504 financing, small business owners can pay down existing commercial real estate or equipment/machinery debt with an equity injection that can be as little as 10%. SBA 504 refinance loans are long term — either 10 or 20 years — with low, fixed interest rates. Businesses can also use the equity they have built in their property to pay eligible business expenses.

HOW IT WORKS

An SBA 504 loan is a partnership between Business Development Corporation, the Small Business Administration (SBA) and a lender. We are a Priority Certified Development Company (CDC) certified to participate on a permanent basis in the program that the SBA has approved to make loans under their 504 Loan Program. Working with a lender, we can lend up to 40% of the appraised value of the property to be refinanced with a dollar cap of \$5,000,000 depending on the type of debt. Additionally we can go as high as \$5,500,000 of SBA 504 financing for eligible manufacturing loans and for loans made for projects that incorporated energy saving technologies for sustainable design. A lender must partner with us to provide between 40% - 50% of the financing, with the business owner providing as little as 10% as their equity share of the refinance loan.

ELIGIBILITY

An eligible small business must have been operating a for-profit business for at least two years. The business must be located in the U.S. that, with affiliates, has a tangible net worth of less than \$15 million and profit after taxes of less than \$5 million. The borrower cannot have been more than 30 days past due during the past 12 months on the payments on the note being refinanced. The business must occupy at least 51% of its property at the time of application for refinance. Businesses may not use an SBA 504 refinance loan to repay an existing government guaranteed loan.

BDC: Growing Small Business, Jobs, Communities

GREAT BENEFITS

- **LOW DOWN PAYMENT & ENHANCED CASH FLOW:**

With financing available for up to 90% of the appraised value of the property being refinanced, SBA 504 loans offer an affordable down payment, enabling the small business owner to eliminate higher interest rate debt and also use equity in the existing property to pay eligible business expenses.

- **LONG TERM FINANCING AT COMPETITIVE INTEREST RATES:**

SBA 504 loans are 10 or 20 year, fully amortized financing. This enables a small business owner to avoid risky loan call provisions and enjoy lower monthly payments. For current interest rates, visit www.bdcloan.com or call us today at 574-288-5758.



THE NUTS & BOLTS

SBA 504 loans are for terms of either 10 or 20 years. The term is 20 years for financing commercial real estate and 10 years for financing equipment or machinery. The interest rate for the loan is fixed when the SBA sells the debenture bond to fund the loan.

SBA 504 loans are fully amortized and have no balloon payments. *There is a prepayment premium for the first half of the loan term that decreases each year.*

The BDC works with the small business borrower to process, approve, close and service the SBA 504 loan. Funding is provided by the BDC issuing a debenture bond that is sold to investors on Wall Street giving small business owners access to capital at low, fixed interest rates — usually reserved for large corporations. Debenture bonds are attractive to investors since they are backed by the SBA and fully guaranteed by the U.S. Treasury.

READY TO BEGIN?

FIRST, give us a call at Business Development Corporation; we have been supporting small business growth and business expansions in Southwestern Michigan and throughout Indiana for 30 years. You will speak directly to one of us right when you call, and we will discuss with you your existing loan and your business. Hear first-hand how we can structure the financing to meet your unique requirements. **NEXT**, contact your bank to see if they would like to participate by providing the permanent first mortgage for your refinance loan. **THEN**, submit an application for your SBA 504 loan. Once you receive your approval, your new loan will pay off your original debt and replace it with lower and more manageable monthly payments.



