

# 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

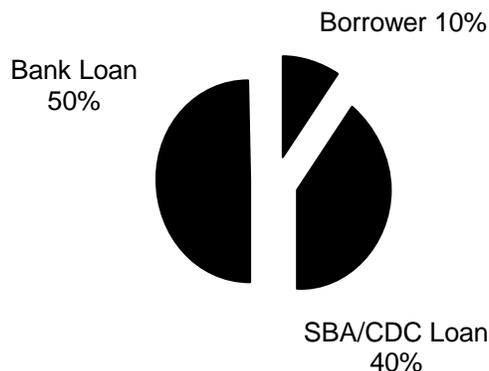
## Advantages of an SBA 504 Loan

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

## 504 Loan Structure

Example: **\$3,750,000 Project**

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



The SBA portion of a project may not exceed \$5 million.

## How It Works

North Carolina has six Certified Development Companies licensed by SBA. These CDCs 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!

Avista Corporation  
BEFCOR

Carolina Business Capital  
Neuse River Dev. Authority  
Region E Dev. Corp.  
Self-Help Ventures Fund

Asheville  
Charlotte  
Raleigh  
Charlotte  
New Bern  
Hickory  
Durham  
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[Scott Anderson](#)  
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(828) 645-0439  
(704) 414-3000  
(919) 366-6441  
(704) 373-1233  
(252) 638-6724  
(828) 322-9191  
(919) 956-4629  
(704) 409-5915