

Small Business Financing

U.S. Small Business Administration
504 Loan Highlights



We provide financing for:

- ◆ Land/Building Acquisition
- ◆ Machinery & Equipment
- ◆ Expansion
- ◆ Building Construction
- ◆ Renovation & Modernization

Typical Loan Structure:

- ◆ 50% First Mortgage from Private Sector Lender
- ◆ 40% Second Mortgage from Utah Certified Development Company ("CDC") (Guaranteed by the U.S. Small Business Administration)
- ◆ 10% Down Payment from Small Business

Maximum CDC Loan Amount:

- ◆ \$5,000,000
- ◆ Up to \$5,500,000 for small manufacturers
- ◆ Private Lender portion unlimited

Term:

- ◆ CDC Loan: 10 or 20 years

Rate of Interest:

- ◆ Near Long-Term Treasury Bond Rates

Collateral:

- ◆ Second Mortgage, or lien on assets purchased with loan proceeds

Advantages:

- ◆ Long Term
- ◆ Lower Than Market Rates
- ◆ Low Down Payment
- ◆ Fixed Rate

Eligibility Requirements:

- ◆ Must be a for-profit Corporation, Partnership, LLC, or Proprietorship
- ◆ Net worth of the business must not exceed \$15 million
- ◆ Average net profit after tax must not exceed \$5 million for the last 2 years

Ineligible Purposes:

- ◆ Working Capital
- ◆ Debt Consolidation or Repayment

Ineligible Businesses:

- ◆ Passive Investment Firms
- ◆ Unregulated Media Firms
- ◆ Gambling
- ◆ Real Estate Investment
- ◆ Not-for-profit Corporations
- ◆ Finance Related Firms
- ◆ Amusement Parks

How To Proceed: The following should be prepared for any initial meeting:

- Project Description.
- Estimate of total project costs, including detail on new construction, renovation, machinery, or equipment.
- Purchase agreement or offer to purchase for real estate involved in the project.
- Product description and product literature. Discuss competition, strengths, weaknesses, method of distribution, type of marketing, future plans, and management.
- Financial statement of the company for the past three years, and an interim statement less than 90 days old.
- Personal financial statements of all officers and stockholders with 20% or more ownership in the company.