

# Resources

THAT PROPEL BUSINESS GROWTH



Tag this QR code with your smart phone to see how other borrowers are using the SBA 504 program to drive results for their small businesses.

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### **MOOLAH THEATRE & LOUNGE** (ABOVE)

The SBA 504 loan enabled Harman Mosley to breath new life into one, local landmark, the Moolah Temple. Now a theatre, it is voted among the best in St. Louis.

### **UNLIMITED WATER** (INSIDE)

Elliot Henry started Unlimited Water over three decades ago. When it came to building a new home for his water bottling company, he chose the SBA 504 loan so he could keep working capital available for other business needs, like hiring.

### **MERCURY COMMUNICATIONS** (COVER)

Brother/sister team Julie Steis and Jeff Fischer know that climbing the wireless industry requies teamwork. From financing to mentoring, Mercury turns to St. Louis Economic Development Partnership as a trusted resource.



### **GET THE TOOLS TO SUCCEED**

Business Expansion & Retention  
World Trade Center St. Louis  
Entrepreneurial Support & Finance  
Real Estate & Community Development

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# BIG ON IDEAS

but short on funding?



Read about Mercury on the reverse side.

### **SBA 504 LOAN**

conserve capital  
just 10% down

be predictable  
low, fixed rate

lock in long-term  
10/20 years



# Funding

YOUR FUTURE

## the sba 504 nuts and bolts



We know sweet success is the result of your big idea and the right resources. Access the funding you need without tapping the pocketbooks of friends, family and other sources of “bootstrap” financing. The Small Business Administration (SBA) 504 loan program is a great alternative that offers stable, long-term benefits:

### PROGRAM FEATURES

DOWN	RATE	TERM	RANGE
10% down payment	below-market fixed rate	10 years equipment 20 years real estate	\$150,000 to \$12.5M+



Read about Unlimited Water on the reverse side.

#### LOW DOWN PAYMENT

With as little as 10% down, you can conserve working capital for other business expenses.

#### LONG-TERM FINANCING

Known for its 10/20-year fully amortized structure, the SBA 504 offers longer terms than most banks.

#### PREDICTABLE PAYMENTS

A low, fixed interest rate eliminates fluctuations, improving your ability to plan for the future.

#### BELOW MARKET RATES

The SBA 504 loan combines long-term, fixed payments with competitive rates.

### HOW IT WORKS

The SBA 504 loan’s three-fold structure allows business owners to retain critical working capital, while reducing the risk to lenders.

- **50 percent** of the project cost is secured with a senior lien from a private lender; the lender also provides the interim loan paid by the proceeds of the SBA 504
- **40 percent** of the project cost is a junior lien, facilitated by St. Louis Economic Development Partnership
- **10 percent** equity injection paid by the business owner

### SBA 504 USES

- Land and building acquisition
- Construction or renovation
- Purchase/installation of capital equipment and machinery
- Build-out, leasehold, and site improvements
- Furniture and fixtures
- Soft costs: interim financing, professional fees, appraisal, closing costs, environmental
- *Cannot use for working capital or inventory*

### SBA 504 ELIGIBILITY

- For-profit entities from almost any industry are eligible
- Net worth cannot exceed \$15 million
- Net profit cannot exceed \$5 million for previous two years
- Must be at least 51% owner occupied for purchase, 60% for new construction
- Job impact: \$65,000 per one job created/saved; \$100,000 if manufacturing

### THE BANKER’S BENEFIT

- Get CRA credits
- Minimize collateral risk through first lien position and 50% loan-to-value ratio
- Gain new customers
- Add a competitive advantage



### LOAN SCENARIO: \$1,000,000 REAL ESTATE PROJECT

	LOAN AMOUNT	% OF PROJECT	COLLATERAL
lender	\$500,000	50%	1 <sup>st</sup> lien
borrower	\$100,000	10%	
SBA	\$400,000	40%	2 <sup>nd</sup> lien

This outline of uses and eligibility requirements is a partial list and does not guarantee approval