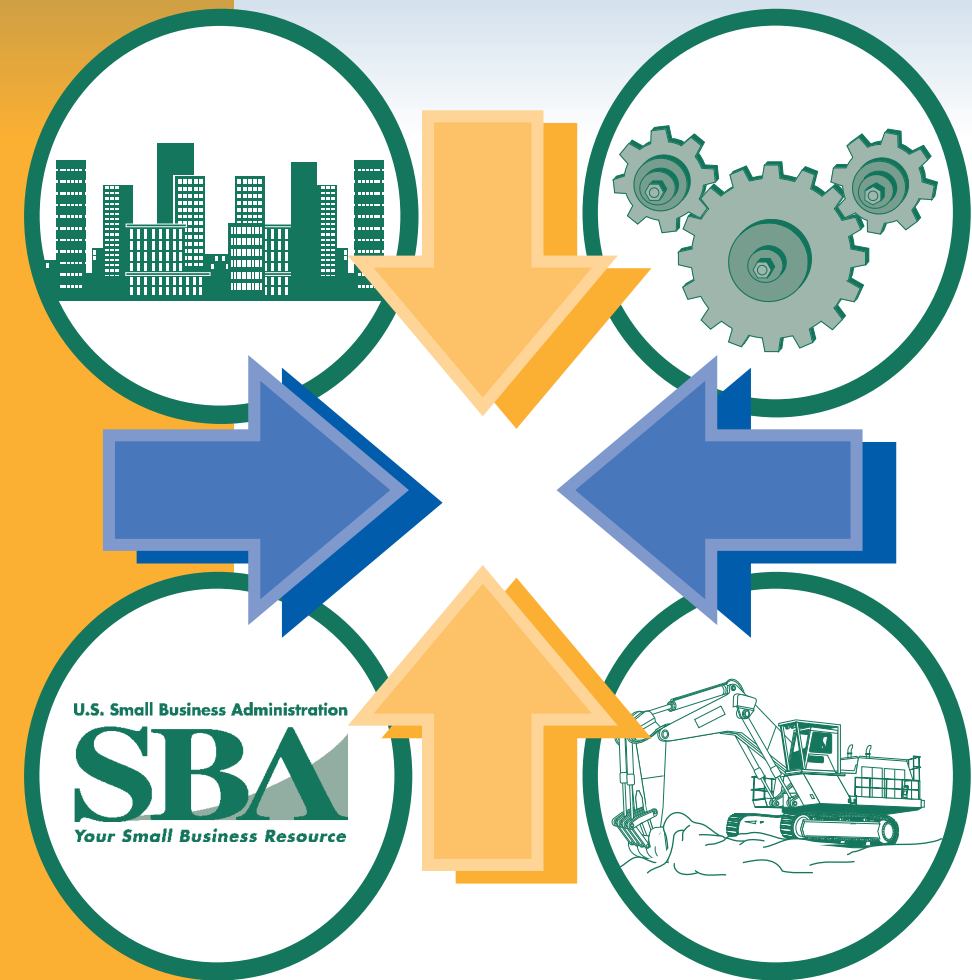
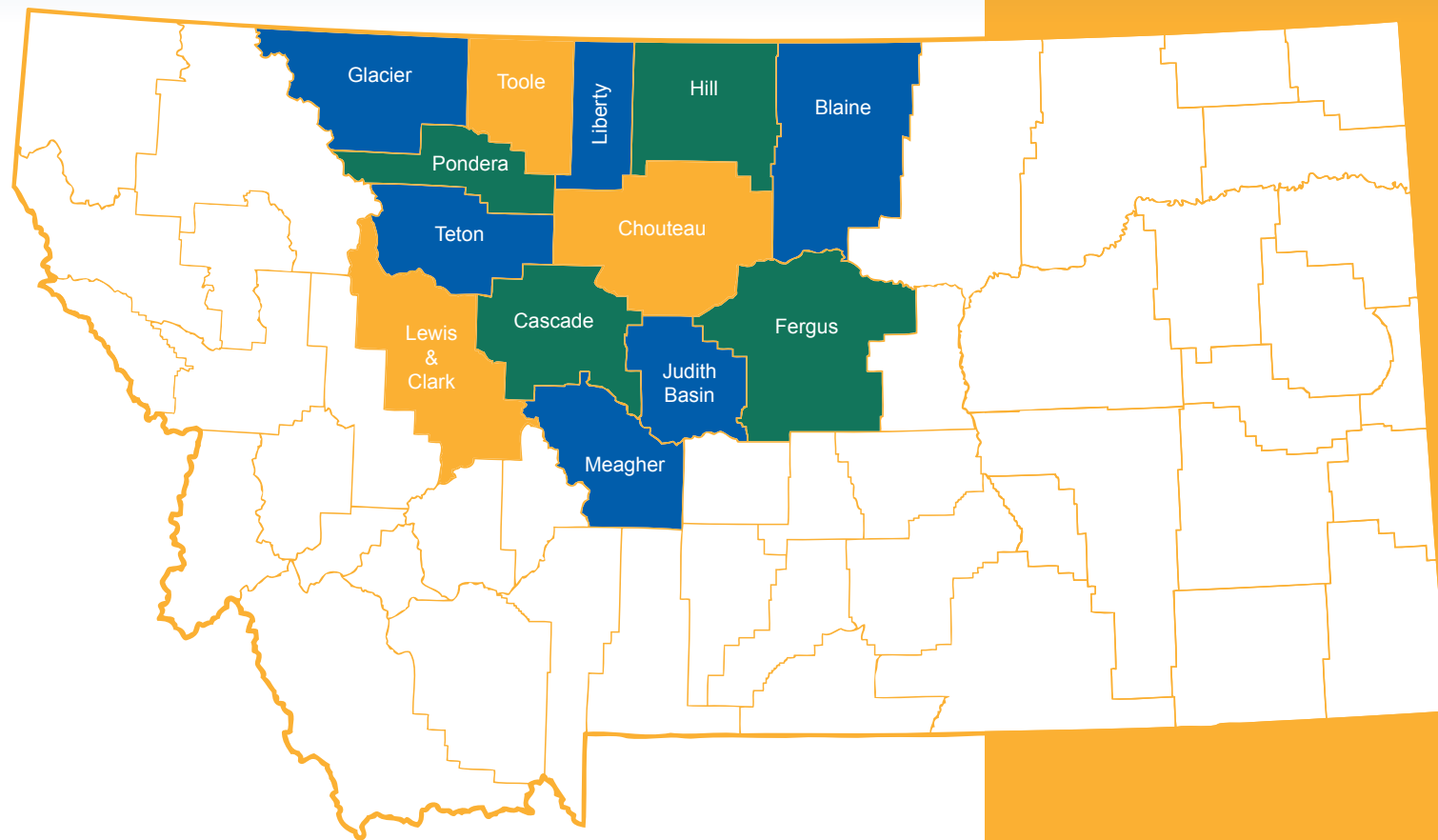




SBA 504

Here to help you do more.



GREAT FALLS **MONTANA**

HIGH **PLAINS**



DEVELOPMENT AUTHORITY

FINANCIAL

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GREAT FALLS **MONTANA**
DEVELOPMENT AUTHORITY

HIGH **PLAINS**

FINANCIAL



www.GreatFallsDevelopment.org



- * New Business Expansion or Modernization
- * Business Purchase
- * Real Estate, Machinery & Equipment
- * Minimal Equity Required
- * Long Term Fixed Rate Financing
- * Maximum Loan Amount of \$4 Million Dollars
- * Great Benefits for Banks
- * Great Benefits for Borrowers
- * Most Small Businesses Qualify

How it Works

Working with a Lender, we can provide up to 40% of the financing for commercial real estate purchase and new construction with an SBA 504 loan.

A lender must partner with us to typically provide 50% of the financing, while the entrepreneur/business owner ends up paying as little as 10% down.

We work with the business owner to process, approve, close and service the SBA 504 loans. Funding is provided by issuing a 10- or 20- year debenture bond that is sold to investors. Debenture bonds are attractive to investors since they are backed by the SBA and fully guaranteed by the U.S. Treasury.

Size of the Project

There is no limit to the total project cost, however, we can lend up to 40% of the project cost with a dollar cap of \$1,500,000 depending on the type of project. In some cases, we can go as high as \$4,000,000 for manufacturing projects and/or projects that incorporate energy saving technologies for sustainable design.

Great Benefits for Borrowers

1. Business Owners and Entrepreneurs can purchase real estate, machinery and equipment with as little as 10% down.
2. Long Term financing at competitive rates: Real Estate - 20 year amortized financing. Machinery & Equipment - 10 year amortized financing.

FOR CURRENT RATES VISIT:

<http://www.nadco.org/i4a/pages/index.cfm?pageid=3363>

3. Low Down Payment: As little as 10% of the project cost as a down payment.
4. Enhanced Cash Flow: Conserve working capital and retain liquidity to meet operating needs.
5. Predictable Monthly Payments: Allows owners to fix their business occupancy costs with attractive fixed rates.

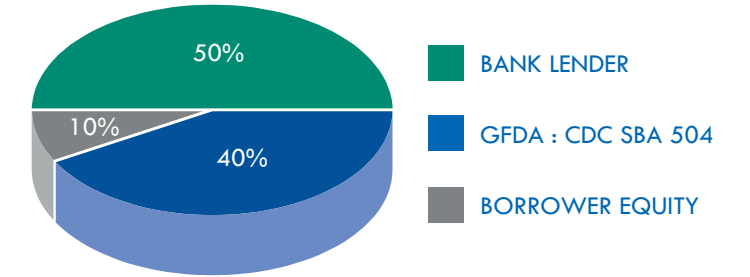
Loan Structure

Example of Financing on Typical \$1 Million Dollar Project:

COST OF PROJECT:

Acquisition of Building	\$800,000
Renovations	\$180,000
Soft Costs (Appraisal, Etc.)	\$ 20,000
Total	\$1,000,000

PROJECT FINANCING



PROJECT FINANCING

ENTITY	LOAN AMOUNT	% OF PROJECT	SECURITY
Bank Lender	\$500,000	50%	1st Lien
CDC (GFDA) SBA 504	\$400,000	40%	2nd Lien
Borrower Equity	\$100,000	10%	
Total	\$1,000,000	100%	

Benefits for Banks

- Mitigation of Credit Risk:** Lenders have first lien position and typically a 50% loan-to-value ratio, minimizing collateral risk.
- Management of Overall Lending Limits and Industry Exposure:** With SBA 504, smaller banks can entertain larger projects. Larger banks can limit their exposure to certain industries and/or to a particular borrower. The reduction of CRE loan concentration on a banks balance sheet reduces regulatory concerns.
- Can Assist More Customers:** Leverages lending capacity across more borrowers and diversifies default risk and reduces loss in event of default.
- Gain New Customers:** SBA 504 Loans are designed to finance growth companies, and an entrepreneur who is investing in permanent facility is often entering into his largest business-related loan. An SBA 504 loan often becomes the basis of an entire banking relationship.
- Active Secondary Market:** There is an active secondary market for the 504 first mortgage loans, so banks can reduce their exposure to zero and enhance their non-interest income while retaining the customers primary banking relationship.
- Strengthening of Core Earnings:** 90% financing means that more of the customers funds remain on deposit. The bank is able to earn fees and interest on the interim loan, and generate fee income from sale premiums and loan fees if it chooses to sell the first mortgage in the secondary market.
- CRA Credit:** Banks that participate in SBA 504 loans are eligible for the Community Reinvestment Act (CRA) credit on certain projects.

Eligibility

- ✓ Most Small Businesses Qualify.
- ✓ Must be For-Profit, organized as a corporation, sole proprietorship, partnership, LLC, etc.
- ✓ Must have tangible Net Worth of less than \$8.5 Million.
- ✓ Must have Profit after Taxes of less than \$3 Million.
- ✓ Business must occupy at least 51% of property on existing buildings, 60% for new construction.
- ✓ Cannot be used for Working Capital, Broker Fees, Bridge or Interim Loan during construction period, business inventory or rolling stock (vehicles).
- ✓ Owners must have permanent legal resident status.



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