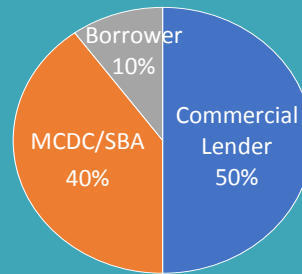


The SBA 504 Loan Program is an economic development loan program that provides small businesses with long-term, fixed rate financing for the acquisition or refinance of major fixed assets such as land, buildings, machinery and equipment. The SBA 504 Loan Program is primarily designed to assist healthy, expanding businesses that have been in operation for more than two years. In certain instances the 504 Loan Program may also be used to finance a start up business.

Financing Michigan businesses since 1982, MCDC is fully committed to the economic success of business owners in Michigan. 100% of our business operations and 100% of our profits remain in the state and are invested in growing Michigan’s economic base.

MCDC must partner with a commercial lender on the SBA 504 Loan. Typically the SBA finances 40% of the project, a lender will finance 50% and the borrower contributes 10%. Additional equity will be required for start ups and special use projects. In the end, the borrower has two separate loans; one with the lender and one with the MCDC/SBA.



MCDC’s experienced staff will work with you through every step of your SBA Loan from initial questions and authorization to closing and funding.

### SBA Loan Terms

20 years for real estate  
10 years for machinery and equipment

### Project Size

Typical Project Size:  
\$250,000 to \$15 million

### Interest Rates

Fixed, below market interest rates

#### Advantages for Small Businesses

- Lower down payment; As little as 10% down
- Long repayment terms
- Low, fixed interest rates for life of SBA Loan
- No balloon payment

#### Advantages for Lenders

- Lower risk with 50% LTV
- Lender gets first lien position
- No SBA paperwork to complete
- No monthly reporting to SBA

### Eligible Businesses

For profit businesses with:

- Tangible net worth of less than \$15 million, and
- Average net profit, after tax of less than \$5 million for the past two years

### Eligible Purposes

- Purchase of land, building, machinery and equipment (real estate must be at least 51% owner occupied)
- Expansion
- Construction
- Renovation
- Refinancing of existing debt

### Ineligible

- Non-profit organization
- Working capital or inventory
- Rolling stock
- Goodwill

### Guarantee

SBA requires personal guarantees of the principals owning 20% or more of the business.

### Fees

SBA fees are typically financed with the loan. Please contact us for specifics related to your project.

**Processing  
Time 5—10  
business  
days**

MCDC is well staffed with experienced professionals which equates to exceptional turn-around time and superior customer service. MCDC can obtain a full SBA loan commitment in 5-10 business days.

### MCDC OFFICES

East Lansing—Home Office 517.886.6612	Northern Michigan Office 231.878.1302
Metro Detroit Office—East 810.329.4340	Grand Rapids Office 616.405.5754
Metro Detroit Office—West 734.222.4954	

[www.michigancdc.org](http://www.michigancdc.org)