



SBA 504 Loan (Debenture) Program

Funding to Help the Borrower and the Bank

**FIXED RATE
FINANCING**

✓
UP TO
90%
FINANCING

**DEBENTURE AMOUNTS OF
\$100 THOUSAND TO \$5 MILLION**

✓
LOW
FINANCING
COSTS

**UP TO 25 YEAR
AMORTIZATION**

✓
JOB CREATION
AND
RETENTION

SMALL BUSINESS BORROWER

LOW DOWN PAYMENT
TO PRESERVE CAPITAL

FIXED, LONG-TERM INTEREST RATE
TO HELP MANAGE CASH FLOW

COLLATERAL USUALLY LIMITED
TO ASSETS BEING FINANCED

LENDER

LESS PAPERWORK THAN A 7(A) LOAN

POTENTIAL TO USE SSBCI
IN INTERIM LOAN

RETAIN CLIENT AND
ANCILLARY BANKING SERVICES

CRA CREDIT OPPORTUNITY FOR EACH LOAN

PROCEEDS TO BE USED FOR A BUSINESS LOCATED IN SOUTH CAROLINA AND PORTIONS OF GEORGIA AND NORTH CAROLINA



**CONSTRUCTION
OR RENOVATION**



**PURCHASE OF LAND
AND BUILDINGS**



**MANUFACTURING
EQUIPMENT**



REFINANCE

SBA 504 Loan (Debenture) Program Guidelines

Debenture Amount	Up to \$5 million Can be up to \$5.5 million for small business manufacturers
Debenture Maximum	40% of the project First mortgage lender amount is unlimited
Equity Requirement	10% — if business is over 2 years old and project real estate is general purpose 15% — if business is less than 2 years old and project real estate is general purpose 20% — if business is less than 2 years old and project real estate is single purpose
Use of Proceeds	Major fixed assets — land, buildings, improvements, long-term equipment, construction, renovations Soft costs — architect and engineering fees, interim interest, environmental studies, equipment set up and delivery, certain legal fees related to the loan
Not Eligible	Working capital, accounts receivable, inventory, franchise fees, and vehicles
Maturity	10 years — equipment 25 years — real estate
Interest Rates	Current market rate at time of funding
Fees	Approximately 3% of the debenture amount (financed with the debenture proceeds)
Eligibility	Must be a small business per SBA definition of for-profit businesses with tangible net worth not in excess of \$15 million or average after-tax net earnings less than \$5 million for past 2 years
Job Creation or Job Retention Requirement	Non-Manufacturers — One full-time job equivalent (FTE) for each \$65,000 of the debenture amount (2 Part-Time = 1 FTE) Manufacturers — One full-time job equivalent (FTE) for each \$100,000 of the debenture amount (2 Part-Time = 1 FTE)



TECHNICAL ASSISTANCE FOR BORROWERS

BDC has partnered with the Small Business Development Center (SBDC) to provide SBA 504 borrowers with free technical assistance for completing the application and to help them understand the program via their 20 locations throughout South Carolina.

For assistance, contact them at SCSBDC.com



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