

COMMUNITY CAPITAL DEVELOPMENT CORPORATION



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The office/condo of Dr. Schultz, DDS

SBA 504 Loan Program

Amount and Participation: \$5 million, \$5.5 million for manufacturing companies, CCDC/SBA portion is 30% to 40% of eligible project costs

Rate: Determined at bond sale after closing. This rate is fixed for the term of the loan. A rate history available at: www.ccdcorg.org/loanrates.html

Term: 20 year term/amortization (real estate) or 10 year term/amortization (equipment). No accelerated payments.

Job Creation: One job for each \$65,000 of SBA financing, one job for each \$100,000 for manufacturing. Job creation may be waived if project meets a public policy goal.

Fees: 2.65% of SBA loan, financed into the loan, plus closing costs noted below
Closing Fees: Approximately \$2,700, financed into the loan
Application Fee: \$500 due prior to submission of package to the SBA

Prepayment: Penalty based on the 504 note rate times outstanding principal balance of the loan. Penalty rate reduces by one tenth per year.

Appraisal: Complete appraisal required on projects over \$250,000.

Timing: CCDC approves deals internally on a weekly basis. The SBA generally takes 5-7 business days to approve a completed loan application package. Applicants must cooperate in collecting documents and signing the necessary paperwork for the application.

Closing: Closing on the SBA 504 loan occurs on a "take-out" basis after the lead lender has already distributed all the necessary funds and the project is complete. The 504 loan replaces part of the lead lender's loan, and the applicant begins making payments via ACH.

Collateral: 2nd mortgage or lien on the project asset. Additional collateral may be required as necessary.

Guarantors: 20% or greater owners of the company must personally guarantee the loan. Insurance: Hazard, liability, worker's comp., assignment of life insurance typically required.

Lease: If the real estate is to be held by a passive investment company, the lease between the operating company and passive company must match the mortgage loans' terms and payments.

To get started, contact one of CCDC's experienced loan officers using our web site:
<http://www.ccdcorg.org/contactus.html>

Eligible Costs:

Land;
Buildings;
Construction;
Machinery and Equipment;
Furniture and Fixtures – if essential to the project and relatively minor;
Professional Fees – title work, hazard and flood insurance, recording fees, engineering and architectural, environmental assessments, permit fees, utility hookups;
Interest on interim loan;
Contingency – not to exceed 10 percent of the construction costs

Not Eligible Costs:

Bank processing, application, and closing fees;
SBA first mortgage fee;
Working capital, inventory;
Goodwill;
Franchise fees;
Tenant space finishing, furniture and fixtures;
Costs incurred more than 9 months prior to application (with exception of land);
Automobiles, trucks, and airplanes;
Incorporation/organization costs;
Liquor Licenses;
Advertising;
Short-term equipment (unless essential and a relatively minor portion);
Construction equipment (Except for heavy duty equipment integral to the business' operations)

CCDC IS LOCATED AT:

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