



These business owners are ready to grow their business and need more space

Your bank can finance up to 50% of the total cost

They have 10%. Where will the rest come from?

They need an SBA 504 loan provider. That's TxCDC!

**TX**CDC

TEXAS CERTIFIED  
DEVELOPMENT COMPANY

Empowering businesses through smart lending for fixed assets

# What is an SBA 504 Loan?

A Small Business Administration loan can be used to purchase owner-occupied commercial real estate or fixed assets. The funds can be used to remodel, expand or acquire property as well as purchase equipment. Your bank can finance up to 50% of the cost and the U.S. SBA will finance up to 40% of the cost, leaving as little as 10% to be covered by the borrower. SBA 504 loans are only available through a Certified Development Company like *TxCDC*.

## Which businesses are eligible?

- For-profit businesses located in the U.S.
- Businesses with less than \$15 million tangible net worth and less than \$5 million profit after taxes including affiliates.
- Businesses that occupy at least 51% of their existing property or initially occupy 60% of a newly constructed property.

## How can the funds be used?

**FOR BUSINESSES TO OWN THEIR FACILITIES AND EQUIPMENT:** for expanding, setting up a new location or purchasing a building they have been renting.

**FOR SOFT COSTS:** such as architect and engineering fees, interim interest, environmental studies, appraisals, loan closing fee and other fees.

**FOR DEBT REFINANCE:** when included in expansion projects (debt refinance cannot exceed 50% of the new expansion cost).

**PROCEEDS CANNOT BE USED FOR THE FOLLOWING:** general working capital, inventory, goodwill from business acquisition, franchise fees, tenant improvements, accounts receivables and vehicles.

Call today: 512-433-1175 or visit us at: [TxCDC.com](http://TxCDC.com)

# What are the benefits for your bank?

**LOWERS CREDIT RISK:** using SBA 504 loans provides a bank with a first lien position at a 50% or better loan-to-value ratio.

**MANAGES OVERALL LENDING LIMITS & INDUSTRY EXPOSURE:**

small banks can finance larger projects, and large banks can reduce their exposure in certain industries. Regulatory concerns will be reduced on your bank's balance sheet.

**ALLOWS YOU TO ASSIST MORE CUSTOMERS:** leverage lending capacities across more borrowers to stabilize and grow more businesses.

**GAIN NEW CUSTOMERS:** win new customer's business and gain their trust that you will provide them the best solutions with the 504 loan's low fixed rate.

**STRENGTHENS CORE EARNINGS:** pricing of the bank's loan is at the bank's discretion. More of the customer's funds remain on deposit because of 90% financing. Fees and interest are earned on the interim loan.

**COMMUNITY REINVESTMENT ACT (CRA) CREDIT:** SBA 504 loans count toward your bank's activity.

# What are the benefits for the borrower?

**LOW DOWN PAYMENT AND ENHANCED CASH FLOW:** SBA 504 loans can offer an affordable down payment with financing of up to 90% of the project's cost.

**LONG-TERM FINANCING AT COMPETITIVE FIXED INTEREST RATES:**

SBA 504 loans offer 20-year, fully amortized financing with lower monthly fixed payments.

**CUSTOMIZED OWNERSHIP OPTIONS:** the borrowers can hold the title to a building personally or even set up a holding company for the real estate. They have the flexibility to maximize tax benefits and minimize liability.

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# So where do we begin?

1

**CALL TxCDC:** we will evaluate the eligibility of the project and the borrower. If qualified, we will work with your bank and the borrower to identify the best option.

2

**SUBMIT THE APPLICATION:** your bank will issue a commitment letter and we will complete the underwriting and prepare the SBA 504 application. Once the borrower signs, **we will submit the package to the SBA for approval.**

3

**APPROVAL & CLOSING:** when the SBA issues authorization for the 504 loan, **your bank will then close on the full amount of financing.**

4

**BORROWER PROCEEDS:** the customer can now begin construction or move into an existing facility. Your bank will draw funds and fully fund the interim loan. After completion, **the borrower can occupy the property.**

5

**BANK & TxCDC COMPLETION:** we will need to certify the project is complete and funding has occurred. **TxCDC will then prepare all SBA loan documents and have the borrower sign.**

6

**FINAL FUNDING:** **SBA proceeds will pay down the 504 portion** of the bank debt and the borrower will begin to make monthly loan payments to SBA as well as the 1st lien note payments to your bank.

## Why TxCDC?

*TxCDC* has a highly qualified and **experienced staff that includes many former bankers.**

*TxCDC* has a deep rooted history in this industry – **since 1981.**

*TxCDC* is proud of its **ability to process and obtain loan approvals quickly.**

*TxCDC* can **assist both the banker and the borrower** with the paperwork.

*TxCDC* has the experience to discuss many scenarios and help you develop recommendations to **provide the best solution for your customer or prospect.**

*TxCDC* is **always available** to work with you and your client.

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