



Invest. Improve. Accelerate Growth.

SBA 504 Loan Program

An authorized Certified Development Corporation since 1981, the WBDC is a private, non-profit corporation whose mission is to serve as an innovative and leading force in the economic development of the City of Worcester and the Region, resulting in job creation and tax base expansion. Since inception, the WBDC has approved over \$100M in loans to more than 250 growing businesses, while creating over 5,000 jobs throughout Massachusetts.

THE PROGRAM:

- Commercial loans for businesses acquiring major fixed assets
- Long-term, fixed rate financing to acquire real estate, land, machinery & equipment
- Term of 20 or 25 years for real estate, 10 years for equipment
- All-in fixed rate, below market financing

THE PRODUCT:

- 50% Bank in 1st Lien
- 40% WBDC/SBA in 2nd Lien
- 10% Borrower Equity
- Start-up or Special Purpose Property requires 15% Equity
- Start-up and Special Purpose Property requires 20% Equity

EXAMPLE:

	Typical 504 Structure Standard Financing		New Business OR Special Purpose Property	Both New Business AND Special Purpose Property
Entity	Loan Amount	% of Project	% of Project	% of Project
Bank	\$500,000	50%	50%	50%
WBDC/SBA	\$400,000	40%	35%	30%
Borrower	\$100,000	10%	15%	20%
TOTAL	\$1,000,000	100%	100%	100%

ADVANTAGES OF SBA 504 LOAN PROGRAM:

- Borrowers can obtain up to 90% financing of the total project cost
- Long-term, below-market, fixed rate financing for 10, 20 or 25 year terms
- Lower down payments in order to preserve cash for working capital
- Eligible soft costs can be rolled into the project financing

CONTACT US FOR MORE INFORMATION

Christina Escobar
Director of SBA & Lending
escobar@worcesterbdc.com
(508) 755-5734 ext. 136

89 Shrewsbury Street
Suite 300
Worcester, MA 01604



Invest. Improve. Accelerate Growth.

SBA 504 Loan Program

ELIGIBLE BORROWERS:

- For-Profit corporations, partnerships or proprietorships
- Tangible net worth not to exceed \$20 million
- Average net profit after taxes of less than \$6.5 million over the last two fiscal years
- 51% occupancy for acquisition of existing real estate
- 60% occupancy for new construction

ELIGIBLE USE OF PROCEEDS:

- Purchase of land, purchase or construction of owner-occupied building
- Modernize, renovate, or restore a building including leasehold improvements
- Purchase machinery and equipment with a useful life of 10 years
- Debt refinancing
- Maximum project size: No limit
- Maximum 504 loan: \$5 million
- Maximum 504 loan for manufacturing/energy projects: \$5.5 million per project

INELIGIBLE BORROWERS:

- Non-profit businesses
- Investment firms, Financial institutions, Life insurance companies, Passive businesses
- Gambling concerns and private clubs

INELIGIBLE USE OF PROCEEDS:

- Working capital
- Inventory

504 APPROVAL PROCESS:

- As an ALP Lender, the WBDC can deliver an approval shortly after receipt of a complete loan application



BANK PARTICIPATION:

- Minimum 10 year term on real estate, minimum 7 year term on machinery and equipment
- Market rate and fees
- Covenants established by lender

OTHER REQUIREMENTS:

- Personal guarantee required for any owner with 20% or more ownership in the business or real estate

CONTACT US FOR MORE INFORMATION

Christina Escobar
Director of SBA & Lending
escobar@worcesterbdc.com
(508) 755-5734 ext. 136

89 Shrewsbury Street
Suite 300
Worcester, MA 01604