

dakota BUSINESS finance

INSPIRATION FROM YOU.
SMALL BUSINESS FINANCING FROM US.



SBA 504 PROGRAM

Provides long-term, fixed rate financing for major fixed assets at below market interest rates to new or expanding businesses

504 STRUCTURE

50% Lender - 1st Lien Position
40% DBF - 2nd Lien Position
10% Equity Injection (Start-up business or special purpose building will require 15% equity, if both 20% equity required)

Minimum 504 Debenture: \$50,000

Maximum 504 Debenture:
Up to \$1.5 million - Job Creation
\$2 million - Public Policy Goal
\$4 million - Manufacturing

Rate: Determined when 504 debenture is sold

Term: 20 years Real Estate and 10 years Machinery/Equipment

Prepayment: A decreasing prepayment penalty exists during the first five years of a 10-year term and the first ten years of a 20-year term

JOB CREATION

One job per \$50,000 in 504 funds or one job per \$100,000 if small manufacturer

There is no job requirement if project meets another public policy goal such as rural development, woman-owned business, veteran-owned business, or minority-owned business.

ELIGIBLE APPLICANT

Business is a for-profit corporation, partnership, or sole proprietorship

Net Worth must not exceed \$7.5 million and Average Net Profit After Tax must not exceed \$2.5 million for the preceding two years; or meet SBA 7(a) size requirements

INELIGIBLE APPLICANT

Non-profit business

Speculative development

Lending institutions and insurance companies

Gambling concerns and private clubs

ELIGIBLE USES

Land acquisition, existing building purchase* construction/renovation*, expansion, machinery/equipment, leasehold improvements, soft costs

* Occupancy restrictions apply

INELIGIBLE USES

Investment property, residential uses, inventory, refinancing, working capital, construction financing

PRIVATE LENDER REQUIREMENTS

Must provide a minimum 10-year term on real estate and minimum 7-year term on machinery and equipment

Must provide market rates and fees

Pay one-time 1/2% fee to SBA on lender's participation or portion of loan

BUSINESS OWNER FEES

One time processing fee (may be financed through loan proceeds)

On-going servicing fees included in the effective loan interest rate

Owners with a 20% or greater interest must provide personal guarantee

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