

SBA 504

A participation between a Lender and Premier Capital Corporation, a CDC, to provide permanent financing to eligible businesses for the purchase, renovation or expansion of owner occupied commercial real estate and/or long term fixed equipment.

Purpose

Provide long term fixed rate financing with minimal equity injection - financing may include some soft costs

- Purchase, expand &/or renovate owner occupied commercial real estate...and/or
- Purchase & install equipment (≥10 year useful life)
- Occupancy Requirements:
 - 51% of existing building
 - 60% of new construction (80% long term)
- Create jobs

Project Size

- No maximum on project size
- Maximums only on the CDC's portion:
 - \$1.5 mil - most properties
 - \$2.0 mil - veteran, rural, minority, women owned or other public policy goals
 - \$4.0 mil - manufacturing NAICS Codes 31,32,33

Project Structure

10%	Cash injection by borrower*
40%	SBA 504 loan (SBA 2nd lien position)
50%	Bank loan (1st lien position)

* 15% for single purpose building , start-ups, or change of ownership

*20% if any two or all three apply

For more information visit us on the web at:

www.504partner.com

Premier Capital Corporation

- SBA Certified Development Company (CDC)
- Established in 1976
- Accredited SBA 504 lender
- SBA 504 portfolio over \$100 million
- Territory: State of Indiana
- Weekly loan committee

Borrower Benefits

- 90% financing on most projects
- Below market rates
- 20 year fixed rate on real estate
- 10 year fixed rate on fixed equipment
- Improves cash flow
- Minimal out of pocket expenses
- Working capital preservation
- Fully amortizing 10 and 20 year loan
- Collateral limited to the asset financed allows other assets to remain free of liens

Bank Benefits

- 90% financing increases potential opportunities
- Strong collateral position with 1st lien
- Reduced risk with only 50% Loan-To-Value
- CRA credits on all 504 loans
- 9 month project look-back for properties in process
- Blended interest rate offered borrower

Community Benefits

- 504 puts excess revenues back into the community
- 504 program strives to meet Public Policy Goals to enhance economic success
- 504 project size enhanced for minority, women owned, veterans and rural areas



This sheet provides the basics of SBA 504. For complete details or questions about a specific project contact Premier Capital Corporation.

Premier Capital Corporation is a 501(c)3 private, not-for-profit corporation and an equal opportunity lender.

All financing subject to credit approval

SBA 504 REFERENCE GUIDE

Eligible Projects

- Land & existing building
- Land & new construction
- Building renovation or expansion
- Machinery & equipment (10 yr life)
- Asset based company acquisition
- For profit business with less than...
\$8.5 million in tangible net worth...and
\$3 million average net income over 2 years

Eligible Soft Cost

- Zoning/Permits
- Utility Deposits/Communication Systems
- Appraisal fee
- Phase One environmental study fee
- Environmental cost if Phase One identifies issues
- Borrower's attorney fees
- Title insurance
- Hazard insurance
- Flood insurance
- Architect fees
- Recording/filing fees (for mortgage)
- Financing commitment fees
- Landscaping/paving/signage
- Contingencies for cost overruns

Collateral

- Property being purchased
- UCC filings on machinery and equipment
- Key man life insurance assignment
may be required

Guarantee

- Full guarantee of principals and/or entities
who own 20% or more of the project

Fees

- SBA processing fee rolled into note*
- Ongoing SBA servicing fee imbedded in rate
- Lender pays the SBA .5% of the first mortgage
- Premier Capital application fee

* 2.16% of the SBA portion of the project

Prepayment

- SBA loan-declining penalty on first half of term
none on last half of term
- Lender loan-negotiated between lender & borrower

504 Indicators

- Client buying real estate for their business
- Client who wants to expand or renovate their
existing property
- Client who needs to preserve their working
capital by financing 80% - 90% of their
real estate purchase
- Client who needs long term financing to meet
cash flow requirements
- Client who can benefit by moving from leased
space to owning their own business property
- A bank who needs to participate loan to
preserve legal lending limits
- A bank that wants to participate loan to
mitigate risk
- A bank that needs to manage their balance
sheet to meet concentration requirements

Ineligible Projects

- Non-profit companies
- Projects less than \$125,000
- Real estate development or other speculative
business
- Finance companies e.g. banks, check cashing
or finance companies
- Pyramid sales distributions
- Businesses deriving more than 1/3 of gross
annual revenues from legal gambling
- Businesses that limit membership for reasons
other than capacity
- Religious based businesses
- Businesses or owners that have defaulted on
a federal loan e.g., student loan
- Businesses of prurient sexual nature
- Under most circumstances cannot refinance
existing debt



©2009 Premier Capital Corporation All rights reserved

SBA 504 REFERENCE GUIDE

Sample Project Comparison

Owner occupied commercial real estate project:

Land & building:	\$800,000
Renovations:	\$100,000
Machinery:	\$50,000
Soft Cost:	\$50,000
Total project cost:	\$1,000,000



Use Our
504
Calculators
www.504partner.com

Total Project Size	\$1,000,000		
	Bank	504 & Bank	SBA 7 (a)
Down Payment	20%	10%	10%
Bank Loan Amount	\$800,000	\$500,000	\$900,000
504 Loan Amount ¹	—	\$409,000 ¹	—
Bank Amortization	20	20	20
504 Amortization	—	20	—
Bank Rate	7.25%	7.25%	7.25%
504 Rate	—	6.46%	—
Bank Monthly Payment	\$6,323	\$3,952	\$7,113
504 Monthly Payment	—	\$3,040	—
Total Monthly Payment	\$6,323	\$6,992	\$7,113

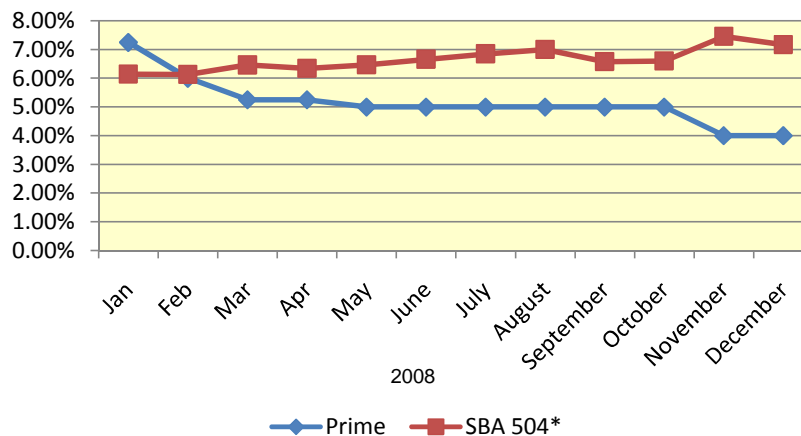
6.90% Blended Rate

Equity Requirement	\$200,000	\$100,000	\$100,000
7 (a) Up Front Fees	—	—	\$20,250
504 Up Front Fees	—	\$2,500	—
Due From Borrower <small>Less Closing Cost</small>	\$200,000	\$102,500	\$120,250

¹The 504 loan amount includes the SBA fees that are built into the monthly payment

Prime vs. SBA 504 Rates

Rolling 12 Months



*pay on its most recent position and any closing cost in excess of Premier Capital's \$1,000 application deposit.

Let's Get Started....

The following will assist us in determining initial eligibility.

Further documentation will be required & all credit is subject to approval.

The following applies to each individual or entity with at least 20% ownership:

- Personal Financial Statement(s), current within 90 days
- 3 years Personal Tax Returns
- Credit Bureau dated within 90 days...*plus....*
- Balance sheet & income statement and/or tax returns for the previous three years for the business. If new, provide a proforma balance sheet with a description of assumptions
- Balance sheet & income statement dated within 90 days of the application together with an aging of the accounts receivable & accounts payable
- A schedule of debt including the original date & amount, monthly payment, interest rate, present balance, maturity, to whom payable, and collateral securing current loans & those planned for the next 12 months (other than the 504 loan)
- Names of affiliated businesses as well as the last two fiscal year-end financial statements and a current financial statement for each of these firms.

Premier Capital Corporation

151 N. Delaware St. Suite 750
Indianapolis, IN 46204
Office (317) 974-0504 x 119
Cell (317) 446-7295
Fax (317) 974-0510
pcc@premiercapitalcorp.com
www.504partner.com

