

EASY STEPS TO OBTAIN AN OSDC LOAN

Contact OSDC to discuss the project

Submit the items on the application checklist below

Eligibility determination and credit analysis completed by OSDC and participating lender

Conditional commitment provided by participating lender

OSDC Board of Directors review and recommend loan approval

OSDC prepares loan application and submits to U.S. Small Business Administration (SBA)

Final loan commitment issued by U.S. Small Business Administration

OSDC loan is closed after project completion

APPLICATION CHECKLIST

Please submit the following to OSDC:

- History and description of business and owner resumes
 - Project description including specific use of loan proceeds
 - Cost verification— purchase agreement and/or third-party cost estimates
 - Business tax returns for last 3 years and if available, business financial statements for last 3 years (balance sheets and income statements)
 - Business Debt Schedule (original loan amount, current balance, maturity date, monthly loan payment)
 - Current business financial statements (less than 120 days old)
 - Current personal financial statement from all 20%+ owners
 - Personal tax returns last 3 years from all 20%+ owners
 - Business financial projections for 3 years
 - Last 3 years business financial information of affiliate businesses, if any
 - Conditional bank commitment letter
 - Appraisal by Qualified Appraiser
 - Environmental questionnaire, records check and/or formal assessment
- OSDC loan application fee

OSDC IS YOUR SBA 504 LOAN SPECIALIST THROUGHOUT OHIO

OSDC can provide information on how to obtain economic development financing through other government agencies.

OSDC will provide professional loan packaging services for other government assisted loan programs. Contact us for more details.

Helping Finance Ohio's Future



OHIO STATEWIDE DEVELOPMENT CORPORATION

1650 Lake Shore Drive, Suite 380

Columbus, Ohio 43204

Tel: 614-481-3214

Fax: 614-481-3215

Please contact us by email or

visit our website for

additional information:

info@osdc.net

www.osdc.net

SBA 504 Loan Program

ABOUT THE SMALL BUSINESS ADMINISTRATION 504 LOAN PROGRAM:

THE SBA 504 LOAN PROGRAM is a Federal loan source that can provide funding for up to 40% of the total cost of an eligible project for longer loan terms at fixed, below market interest rates with lower down payment requirements.

THE SBA 504 LOAN PROGRAM is primarily for healthy, established small businesses, although start-up projects may be eligible. Approval process consists of an OSDC Board of Directors review with final approval being issued by the U.S. Small Business Administration. A participating lender must provide interim financing for the SBA 504 portion of the project in addition to its loan.

OSDC PARTNERS WITH THE PARTICIPATING LENDER to provide the appropriate financing solution. The participating lender holds first mortgage and/or lien filing, and OSDC/SBA provides permanent, subordinate financing.

EQUITY INJECTION: From 10% to 20% of the total cost of the project is required.

LOAN TERMS: 10 to 20 years (Dependent on Collateral).

INTEREST RATE: Fixed, generally below market.

AVAILABLE FUNDING: Maximum 40% of Project Cost up to \$5 million; May be eligible for up to \$5.5 million if project is a Small Manufacturer or for Renewable Energy Production.

COLLATERAL: OSDC/SBA requires a second mortgage on commercial real estate; lien position on business equipment and fixtures; additional collateral may be required when loan repayment is based on projections.

GUARANTEES: Requires personal and corporate guarantees of borrowers and affiliates, if any.

LIFE INSURANCE: May be required on key business owners and/or managers.

COSTS: • \$500 non-refundable application fee

- 2.15% of SBA Loan Portion; financed into loan
- 1/2 of 1% of Participating Lender Loan Amount
- Reasonable legal, closing and related costs

EARLY REPAYMENT: Prepayment penalty in effect for first half of SBA 504 loan term on declining Basis.

PARTICIPATING LENDER RATES & TERMS: Minimum of 7 years with a 10-year SBA 504 loan and minimum of 10 years with a 20-year SBA 504 loan. Interest rates and fees negotiated between business owner and lender.

WHO IS ELIGIBLE?

ELIGIBLE PROJECTS:

- Land and/or Building Purchases
- New Building Construction and/or Rehabilitation
- Machinery & Equipment Purchases
- Long-Term Leasehold Improvements
- Purchase of Ongoing Business' Fixed Assets

SMALL MANUFACTURERS:

- Primary Business Classified in Sector 31, 32 or 33 of the North American Industrial Classification System (NAICS)
- All Production facilities located in the United States

BUSINESS ELIGIBILITY REQUIREMENTS:

- Must be For Profit
- Business net worth must be less than \$15 Million
- Business annual net earnings must be less than \$5 million (after taxes) on average over last two years.
- Job creation or retention: One job for each \$65,000 of SBA 504 funding; for small manufactures, One job for each \$100,000 of SBA 504 funding
- Loans may be assumable
- Business must inject minimum 10% down payment
- Financing for owner occupied commercial real estate; no passive investments
- New Construction: business must occupy 60% of premises
- Existing Buildings: business must occupy 51% of premises
- Owner personal liquidity test may be applicable

PUBLIC POLICY GOALS:

- Allow for application up to \$2.0 million of 504 funding
- Allow for flexible job creation/retention requirement

- Rural Business Development/Expansion
- Woman, Minority and Veteran Owned Businesses
- Business District Revitalization
- Enhanced Economic Competition
- Expansion of Exports
- Reduce Energy Use by 10%
- Sustainable Building Design
- Renewable Energy Production
- Federally Mandated Policies
- Federal Budget Cutbacks