

Northwest Piedmont Development Corporation
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SBA 504 Project (existing business/multi-use property)

Eligible Project Costs:

\$ 500,000	Land
1,200,000	Construction
120,000	Construction Contingency (10%)
0	Machinery & Equipment
<u>180,000</u>	Soft Costs (appraisal, interest, etc.)
\$2,000,000	<i>Total Project Cost</i>

Financing Structure:

\$1,000,000	50%	Participating Lender
800,000	40%	SBA 504
<u>200,000</u>	10%	Equity
\$2,000,000	100%	<i>Total Project Financing</i>

Permanent Financing:

Loan amounts	Eff. Rate (e)	Amort./Term	Monthly (e)	Annual (e)
1 st lien: \$1,000,000	6.00%	15/10	\$ 8,439	\$101,268
2 nd lien: \$820,000	5.50%	20/20	\$ 5,641	\$ 67,692
Total: \$1,820,000			\$14,080	\$168,960

Notes:

1. This is presented for informational purposes and is not an offer of financing (10/06/09)
2. 10% equity in project is allowed due to business being in operation for more than two years and classification of building as multi-use
3. In this example, the participating lender provides \$1,800,000 in construction financing, which is paid down at the end of the construction phase by \$800,000 through the 504 loan to the permanent loan amount of \$1,000,000; *actual rate and terms provided by participating lender*
4. SBA charges the lender a one-time lender participation fee that is equal to .50% of the first lien amount; in this example, \$5,000.00 (\$1,000,000 x .50%)
5. 504 loan amount of \$820,000 is based on \$800,000 net proceeds plus 2.15% administrative fees and \$2,500 CDC attorney closing fee (*for CDC/SBA representation*)
6. 504 loan rate is fixed at funding which normally occurs 2 - 3 months after construction is completed; for new loans funding in September 2009, the full-term effective rate was approximately 5.14%

Information on the SBA 504 loan program is available at the following websites:

Organization	Website address
U.S. Small Business Administration	www.sba.gov
National Association of Development Companies	www.nadco.org
Northwest Piedmont Development Corporation	www.nwpcog.org