



# SOUTHERN DEVELOPMENT COUNCIL, INC.

Providing Financial Solutions for Small Businesses since 1983.

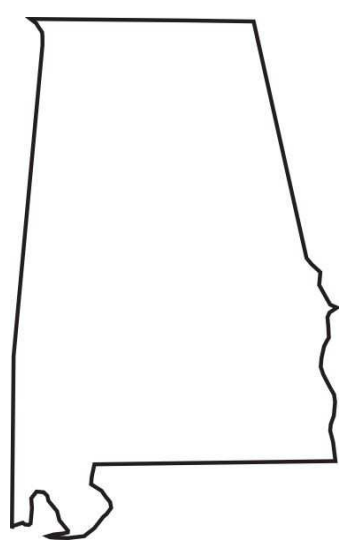
1 (800) 499-3034 • 200 Office Park Drive, Mountain Brook, AL 35223 • [www.sdcinc.org](http://www.sdcinc.org)

## Who are we?

Southern Development Council, Inc. is an Alabama-based Certified Development Company designated by the Small Business Administration to facilitate SBA 504 Loans.

## Our areas of operation include:

### ALABAMA



The entire state of Alabama

### FLORIDA PANHANDLE



Escambia  
Santa Rosa  
Okaloosa  
Walton  
Holmes  
Washington  
Calhoun  
Jackson  
Gulf  
Bay &  
Franklin Counties

### MISSISSIPPI



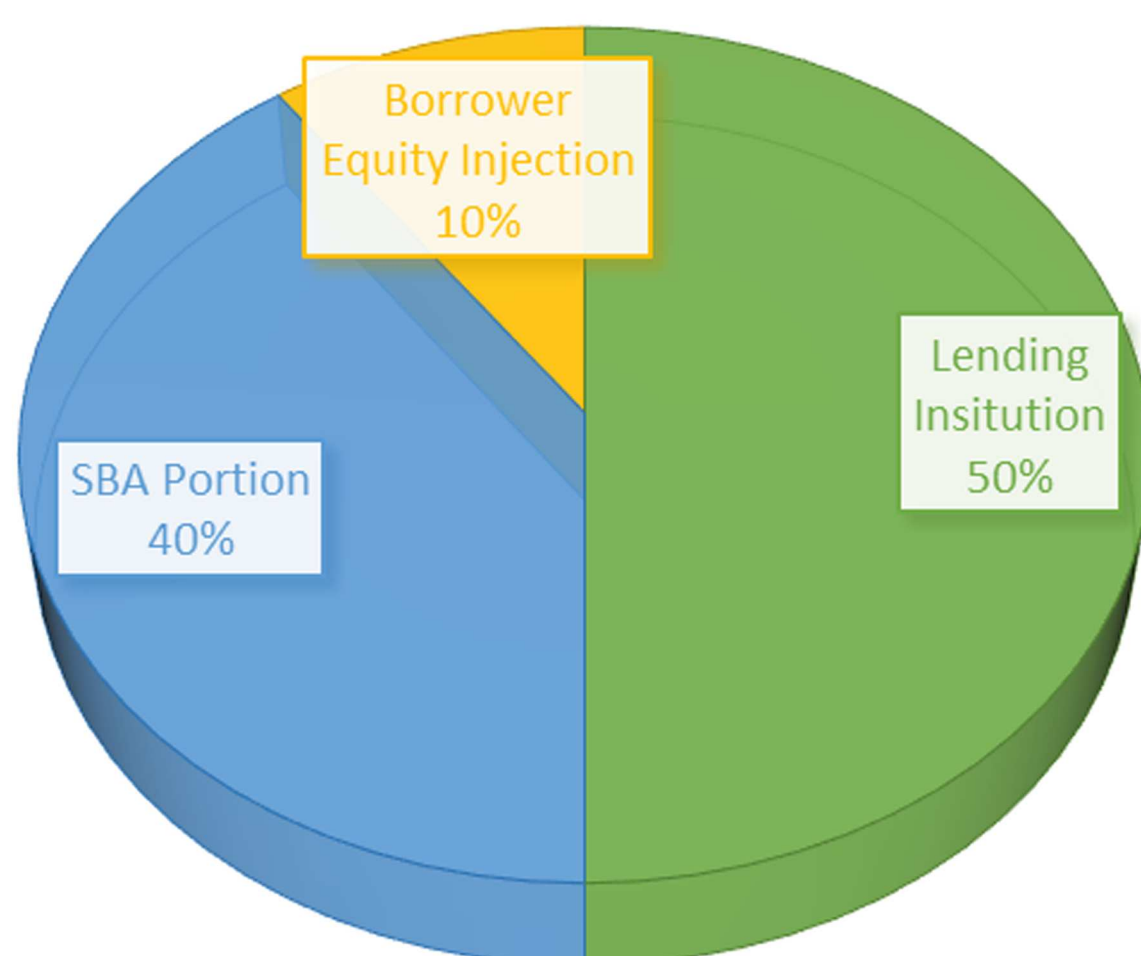
Jackson  
Harrison &  
Hancock Counties

## What is the SBA 504 Loan Program?

The 504 Loan Program provides long-term, fixed rate financing for major fixed assets that promote business growth and job creation.

## How does it work?

SDC partners with lending institutions in order to provide financing through the SBA 504 Loan Program. The typical loan structure is a 50/40/10 split in which the lending institution finances 50% of the total project costs, SDC lends 40% of the total project costs through the SBA, and the remaining 10% is a required equity injection from the borrower.



### ★ Special Purpose

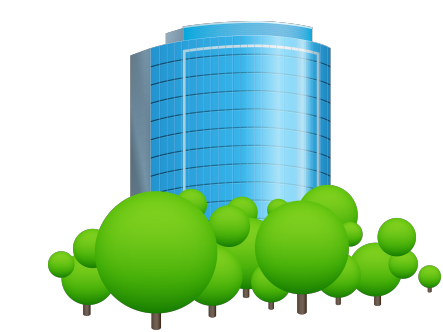
If a project is deemed "Special Purposes," an additional 5% equity injection is required making the structure a 50/35/15 split.

### ★ New/Start-up

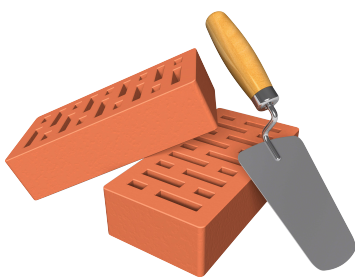
If the borrowing operating company is a newly formed entity (2 years or less) it is considered a "start up," in which an additional 5% equity injection is required with a 50/35/15 split.

# What can the 504 loan be used for?

The project can be secured by fixed assets. Below are some examples of the eligible use of proceeds for the 504 Loan Program:



**Purchase Existing Building**



**Construct a New Building**



**Refinance of Eligible Debt**  
(fixed assets)



**Purchase & Install FF&E**



**Improvements to Existing Building**



**Finance in Loan Costs**  
(professional fees, interim interest, contingencies, and other soft costs).

# What are the benefits of the 504 Loan Program?

There are many benefits of the 504 program which include:

## Borrower Benefits:

- **Low Down Payment**

The business owner invests only 10% down (unless start-up/special purpose), can borrow up to 90% of the total financing need, and can thus preserve cash and working capital for the business.

- **Longer Repayment Terms**

SBA repayment periods are longer than conventional bank loans - 25 years fully amortized for Real Estate and 10 years fully amortized for FF&E. The business owner's monthly loan payment is more affordable, thus improving cash flow.

- **Fixed Interest Rate**

Below Market Rates, fixed for the life of the loan.

- **Projected Income Consideration**

We consider projected income of a business in addition to historical cash flows. This is particularly advantageous to new and growing businesses.

## Participating Lender Benefits:

- **Share and Mitigate Risk**

Due to the 50/40/10 structure, the lending institution is able to share the risk with us, opening up more opportunities that they may not be able to facilitate on their own.

- **Priority Lien Position**

The lending institution will hold the first mortgage or lien position in a 504 project with the SBA portion being in a second position behind the lending institution.

- **More Lending Opportunities**

The lending institution may have lending limits, maximum term limits, or other factors that prevent them from facilitating a loan on their own, but through the 504 program, they're able to help their customer finance a project outside of these limits by partnering with us.

- **Customer Benefits**

Keep your customers happy by participating in the 504 loan program as it gives them access to longer repayment terms, a fixed interest rate, and a lower down payment.