

## SBA CERTIFIED DEVELOPMENT COMPANY (504) LOANS

The U.S. Small Business Administration's SBA 504 program provides small- and medium-sized businesses with long-term fixed rate financing for the acquisition or construction of fixed assets. Businesses must have a tangible net worth of less than \$7.5 million and an average net profit of less than \$2.5 million for the past two years.

Projects are financed through a unique public/private partnership that involves private lenders financing 50% of project costs, a certified development company (CDC) as an agent of the SBA providing up to 40%, and a small business investing at least 10%. Businesses less than two years old or projects involving a limited or single purpose building have an investment contribution of 15%. New businesses with a special purpose project are subject to a 20% investment.

Preferred projects range from \$250,000 to \$10 million. Generally, the maximum SBA contribution on any single project is \$1.5 million or \$2 million for projects achieving a public policy goal. For manufacturing, the maximum SBA contribution is \$4 million. Under the Recovery Act, fees for both borrowers and lenders are temporarily eliminated.

### LOAN TERMS

- 20 years for real estate: Bank portion must be ten years
- 10 years for equipment: Bank portion must be seven years

### LEASING

- 51% owner occupancy required for projects involving the purchase of an existing building
- For new construction projects, the business must occupy 60% immediately and an additional 20% within three years. The remaining 20% may be leased out long-term.

### ELIGIBLE BUSINESSES

- For-profit corporations, partnerships, and proprietorships

### INELIGIBLE BUSINESSES

- Passive income projects from builders/developers, landlords, and real estate companies
- Financial institutions
- Non-profit businesses

### ELIGIBLE PURPOSES

- Purchase of land, building, machinery or equipment
- Land improvements
- Renovation or addition to existing buildings
- Leasehold improvements

### INELIGIBLE PURPOSES

- Working capital
- Goodwill
- Inventory
- Venture capital
- Rolling stock such as vehicles

The related links regarding the SBA Certified Development Company 504 loan program are [sba.gov](http://sba.gov) and [nadco.org](http://nadco.org). For more information, contact the Michigan Economic Development Corporation<sup>SM</sup> (MEDC) Customer Assistance Center at 517.373.9808 or the CDC contacts listed on the next page.

## MICHIGAN SBA 504 CERTIFIED DEVELOPMENT COMPANIES SERVICE AREA STATEWIDE

### **Economic Development Foundation—Certified**

1345 Monroe N.W., Suite 132  
Grand Rapids, MI 49505  
tel 888.330.1776  
fax 616.458.5736  
eml [Info@GrowMichigan.com](mailto:Info@GrowMichigan.com)  
[www.growmichigan.com](http://www.growmichigan.com)

### **Lakeshore 504—North Office**

One South Harbor Drive  
Grand Haven, MI 49417  
tel 616.846.3153  
fax 616.842.0379  
eml [dmiller@grandhavenchamber.org](mailto:dmiller@grandhavenchamber.org)  
[www.lakeshore504.org](http://www.lakeshore504.org)

### **Lakeshore 504—South Office**

272 East Eighth Street  
Holland, MI 49423  
tel 616.392.9633  
fax 616.392.7379  
eml [jparker@lakeshore504.org](mailto:jparker@lakeshore504.org)  
[www.lakeshore504.org](http://www.lakeshore504.org)

### **Metropolitan Growth and Development Corporation**

600 Randolph Street, 3rd Floor  
Detroit, MI 48226  
tel 313.224.0820  
fax 313.224.8458  
eml [jbrophy@co.wayne.mi.us](mailto:jbrophy@co.wayne.mi.us)  
[www.waynecounty.com/mygovt/edge/bussdev/bussatt/EconomicIncentives.aspx#SBA](http://www.waynecounty.com/mygovt/edge/bussdev/bussatt/EconomicIncentives.aspx#SBA)

### **Michigan Certified Development Corporation**

3737 Coolidge Road, Suite 2  
East Lansing, MI 48823  
tel 517.886.6612  
fax 517.886.6619  
eml [info@michigancdc.org](mailto:info@michigancdc.org)  
[www.michigancdc.org](http://www.michigancdc.org)

### **Michigan Certified Development Corporation**

Cadillac Program Representative  
tel 231.878.1302  
fax 517.886.6619  
eml [merrittd@michigancdc.org](mailto:merrittd@michigancdc.org)  
[www.michigancdc.org](http://www.michigancdc.org)

### **Michigan Certified Development Corporation**

2311 East Stadium Boulevard, Suite 212 Rm #1  
Ann Arbor, MI 48104  
tel 734.222.4954  
fax 734.222.4995  
eml [weissp@michigancdc.org](mailto:weissp@michigancdc.org)  
[www.michigancdc.org](http://www.michigancdc.org)

### **Michigan Certified Development Corporation**

500 Northland Drive NE, Suite 307  
Rockford, MI 49341  
tel 616.884.0390  
fax 616.884.0392  
eml [hutchingsk@michigancdc.org](mailto:hutchingsk@michigancdc.org)  
[www.michigancdc.org](http://www.michigancdc.org)

### **Michigan Certified Development Corporation**

1362 North River Road, Suite 1F  
St. Clair, MI 48079  
tel 810.329.4340  
fax 810.329.4353  
eml [uffordm@michigancdc.org](mailto:uffordm@michigancdc.org)  
[www.michigancdc.org](http://www.michigancdc.org)

### **Oakland County Business Finance Corporation**

2100 Pontiac Lake Road, Dept. 412, Bldg. 41 W  
Waterford, MI 48328  
tel 248.858.0765  
fax 248.975.9555  
eml [langhauserm@oakgov.com](mailto:langhauserm@oakgov.com)  
[www.oakgov.com/econ/business\\_services/bfc\\_about.html](http://www.oakgov.com/econ/business_services/bfc_about.html)

### **SEM Resource Capital, Inc.**

17199 North Laurel Park Drive, Suite 300  
Livonia, MI 48152  
tel 734.464.4418  
fax 734.464.4419  
eml [info@resourcecapital.com](mailto:info@resourcecapital.com)  
[www.sem.resourcecapital.com](http://www.sem.resourcecapital.com)