

ELIGIBILITY

To be eligible, the business must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, the business qualifies as small if it does not have a tangible net worth in excess of \$15 million and does not have an average net income in excess of \$5 million after taxes for the preceding two years. Loans cannot be made to businesses engaged in speculation or investment in rental real estate.

THE SBA 504 LOAN STORY

The SBA 504 Loan Program was begun in 1986 to provide low down payment, fixed-interest rate, long term financing for eligible small businesses to expand their fixed assets. This program allows small business to "pool" their requests and receive rates comparable to large, international corporations on Wall Street's bond market.

The Lake County Port Authority is funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Contact Karen Wivell, One

U.S. Small Business Administration
Victoria Place, Suite
265A, Painesville, Ohio;
440-357-2290 x235.



Created in February 2007 the Lake County Port Authority's mission is to promote projects that will provide for the creation of jobs and employment opportunities and improve the economic welfare of the people residing in Lake County. The Port Authority is also authorized by state law to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, governmental operations, culture or research. Located in Victoria Place on the Square in Downtown Painesville, the Lake County Port Authority is the new host organization for the former Lake County Economic Development Center's activities. For more information, visit our website at <http://www.lcport.org>.



Lake County Small Business Assistance Corporation

c/o The Lake County Port Authority
One Victoria Place
Suite 265A
Painesville, OH 44077
Phone: 440-357-2290
Fax: 440-357-2296
Website: <http://www.lcport.org>

Lake County Small Business Assistance Corporation

SBA 504 LOAN PROGRAM

Loans that Help America Work

Tel: 440-357-2290

Financing at Affordable Rates

The LCSBAC 504 loan program is a long-term financing tool for economic development within our community. The 504 Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. The Lake County Small Business Assistance Corporation is a nonprofit corporation set up to contribute to the economic development of its community. We work with the SBA and private-sector lenders to provide financing to small businesses. Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the LCSBAC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped.



LOAN GUIDELINES

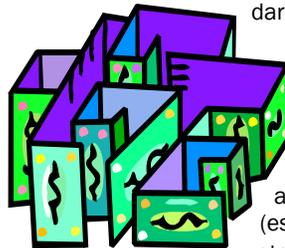
The maximum SBA debenture is \$5,000,000 when meeting the job creation criteria or a community development goal. Generally, a business must create or retain one job for every \$65,000 provided by the SBA except for "Small Manufacturers" which have a \$100,000 job creation or retention goal (see following). The maximum SBA debenture is \$5.0 million when meeting a public policy goal.

The maximum debenture for "Small Manufacturers" is \$5.5 million. A Small Manufacturer is defined as a small business concern that has:

- Its primary business classified in sector 31, 32, or 33 of the North American Industrial Classification System (NAICS);
- and all of its production facilities are located in the United States.

In order to qualify for a \$5.5 million 504 loan, the Small Manufacturer must 1) meet the definition of a Small Manufacturer described above, and 2) either (i) create or retain at least 1 job per \$100,000 guaranteed by the SBA [Section 501(d)(1) of the Small Business Investment Act (SBI Act)], or (ii) improve the economy of the locality or achieve one or more public policy goals [sections 501(d)(2) or (3) of the SBI Act]. The public policy goals are as follows:

- Business district revitalization.
- Expansion of exports.
- Expansion of minority business development.
- Rural development.
- Increasing productivity and competitiveness.
- Restructuring because of federally mandated standards or policies.
- Changes necessitated by federal budget cut-backs.
- Expansion of small business concerns owned and controlled by veterans (especially service-disabled veterans)
- Expansion of small business concerns owned and controlled by women.
- Energy saving technologies and/or renewable energy projects.



SBA 504 LOAN USAGE

Proceeds from 504 loans must be used for fixed asset projects such as: purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment. The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.



TERMS, RATES & FEES

Interest rates on 504 loans are pegged to an increment above the current market rate for five-year and 10-year U.S. Treasury issues. Maturities of 10 and 20 years are available. Fees total approximately 2.5 percent of the debenture and are financed with the loan.

COLLATERAL

Generally, the project assets being financed are used as collateral. Personal guaranties of the principal owners are also required.

Lake County Small Business Assistance Corporation

c/o The Lake County Port Authority
One Victoria Place
Suite 265A
Painesville, OH 44077

Phone: 440-357-2290
Fax: 440-357-2296
Website: <http://www.lcport.org>