

# Economic Development Foundation – Certified SBA 504 Loan Program

## What Is a “504”?

A fixed interest loan to help growing companies reach their fullest potential. The 504 selling points are low down payment, long term, and a fixed interest rate.

## Who Makes Such Loans?

Economic Development Foundation – Certified (EDF), has been making 504 loans since 1981.

## Where Does EDF Get Its Money?

From bonds, the repayment of which is guaranteed by the Small Business Administration (SBA). These virtually risk free bonds are desired by investors and interest rates usually are at or below bank rates.

## How Does a 504 Work?

All 504 loans are made in conjunction with a financial institution. In most cases, the financial institution loans 50% of the total project costs, EDF loans 40% and the owner’s equity is 10%.

## What Should I Do First?

Determine the total project costs to (1) erect a new building, (2) purchase and renovate an existing building, or (3) purchase machinery and/or equipment. Take the project to a bank for approval; EDF will review, approve, and submit an application to SBA for their approval.

## What Is The Term?

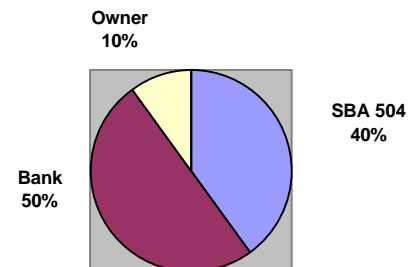
20 years on buildings and 10 years on machinery and equipment.

## Sounds Good – Who Is Eligible?

Virtually any business (except non-profits, gambling casinos, and banks) which meets the SBA definition of small - net worth less than \$7 million – net income under \$2.5 million.

## How Much Can I Borrow?

The EDF 40% portion can go up to \$1,500,000 for general projects. The maximum is increased to \$2,000,000 for projects meeting public policy goals and to \$4,000,000 for manufacturing businesses. The total project size is not limited.



## I Want to Learn More – What Do I Do?

Call Jennifer Okhuysen or Mark Venema and we will guide you from start to finish!

**Economic Development  
Foundation – Certified  
1345 Monroe NW, Suite 132  
Grand Rapids, MI 49505  
Phone: (616) 459-4825  
Toll Free: (888) 330-1776  
Fax: (616) 458-5736**

Find us on the web at:  
[www.GrowMichigan.com](http://www.GrowMichigan.com)

**Financing Growing Businesses in Michigan Since 1981**