



# Advantages of the 504 LOAN PROGRAM

The Mentor Economic Assistance Corporation is a Certified Development Company (CDC), which is certified by the Small Business Administration (SBA) to administer the 504 Loan Program. The 504 Loan Program is an economic development tool that provides small businesses with long term, fixed rate, subordinate mortgage financing and acquisition and/or renovation of capital assets including

land, buildings, and equipment. Virtually all types of for profit small businesses are eligible for this program.

## PROGRAM ADVANTAGES

The SBA 504 Loan is distinguished from other SBA loan programs in these ways:

- Lower down payment; allows a business to conserve valuable operating capital by injecting just 10% of total project cost.
- Fixed interest rate; borrower knows cost of occupancy for the next twenty years.
- Interest rate is competitive and usually below market.
- Collateral is typically assets financed; allows other assets to be free of liens and available to secure other needed financing.
- Long term; real estate loans are 20-year term, heavy equipment 10 or 20-year term and are self-amortizing.
- 504 program encourages banks and other lenders to make loans in first position on reasonable terms, helps them retain growing customers, and provides CRA credit.
- 504 program benefits the borrower's community through job creation and retention.

- Any type of business – retail, service, manufacturing, or wholesale.

## WHO TO CALL

### Mentor Economic Assistance Corporation

8500 Civic Center Blvd.  
Mentor, Ohio 44060  
Phone 440-974-5739  
Fax 440-205 3605

[Meaco@cityofmentor.com](mailto:Meaco@cityofmentor.com)

[www.meacoweb.com](http://www.meacoweb.com)



**Thomas W. Thielman,**  
*Executive Director*  
**Terry Botirus,** *Program Administrator*

## ELIGIBLE BUSINESSES

Businesses that receive 504 loans are:

- Small – net worth under \$7.5 million, net profit after taxes under \$2 million, or meet other SBA size standards.
- Organized as for-profit.