



Need to purchase commercial real estate or equipment?

How about **increasing** cash flow by refinancing commercial real estate?

We have the **lowest**, long-term, fixed rates available.

Let's Talk!



SMART business is knowing **ALL** of your options



A few things to understand about **commercial financing**

Since 1981
WBD has
helped
thousands
of businesses
get the
financing they
need to grow

Many entrepreneurs start as experts in their field. They create and grow businesses and along the way, they learn about taxes, human resources, marketing and a host of other things that it takes to run a successful business.

When it comes to financing a business, most work with a local banker to meet their needs. What may not be apparent is that there are typically multiple financing options.

WBD works every day to help businesses access loan capital that puts their needs first. We strive to be Your Business Finance Resource. We have prepared this information to help explain financing options that are widely available, but sometimes not discussed.

After all, knowing all of your options is just smart business.

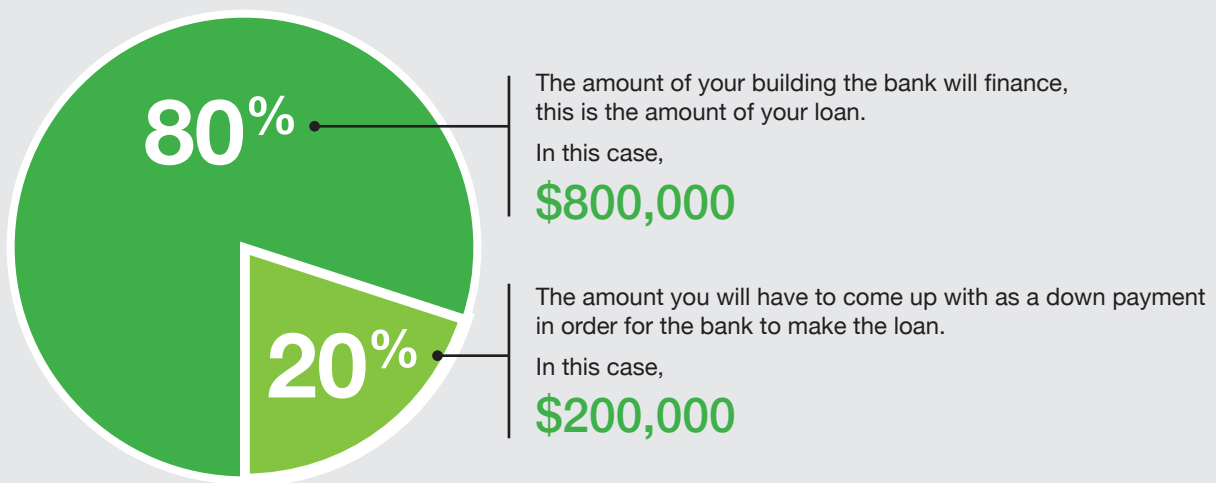


Let's Start with Some Definitions

Term	Definition	Typical lending institution approach for a commercial real estate loan	Why it matters
Amortization	The length of time that is used to calculate your loan payment.	Most commonly 20 years	The shorter the amortization the higher the loan payment.
Term	The length of time your bank contracts come due.	Most commonly 5 years	When the term expires, you must renegotiate a new renewal period and new interest rate.
Interest Rate	The rate a bank charges to lend its money.	This varies and is affected by many factors. It may be a variable rate with periodic adjustments or a shorter-term fixed rate.	For variable rate loans, your monthly payments will change as the interest rate changes. For shorter-term fixed rates, payments will adjust as a new rate is negotiated.
Down Payment	Portion of the purchase price or construction cost that you pay out of pocket.	Most commonly 20%	The higher the down payment the less cash you have available to pay operating costs and finance your growing business.
Loan Structure	Designing a loan to fulfill your financing needs while protecting the bank against loss if the loan is not repaid.	Standard bank loans generally have only two sources of money – your down payment and the bank loan, which is secured by all business assets and possibly your home.	Understanding other financing could save you \$\$\$ and 'free up' some assets, including your home.
WBD	A U.S. Small Business Administration (SBA) Certified Development Company – Committed to being "Your Business Finance Resource."	Relationship focused bankers will contact WBD to help their customers access longer term financing by partnering with WBD.	WBD has access to capital with long term, attractive fixed rates and handles all of the interactions with the SBA to get you this money.
SBA 504 Loan	A special loan available only by working with a Certified Development Company (i.e. WBD) used to finance commercial fixed assets.	Relationship focused bankers will show you what a 504 Loan could do for you.	If eligible, the 504 loan is generally in the best interest of the borrower! Why: <ul style="list-style-type: none"> • Up to 25-year term and amortization • Up to 25-year fixed-rate • Down payment as low as 10% • Secured only by the real estate/equipment being financed.

How typical **conventional** (bank) financing works:

Example – You are looking to buy a new \$1,000,000 building for your business.



Other typical factors:

Amortization – 20 years – Your payments are based on you paying the loan back over 20 years.

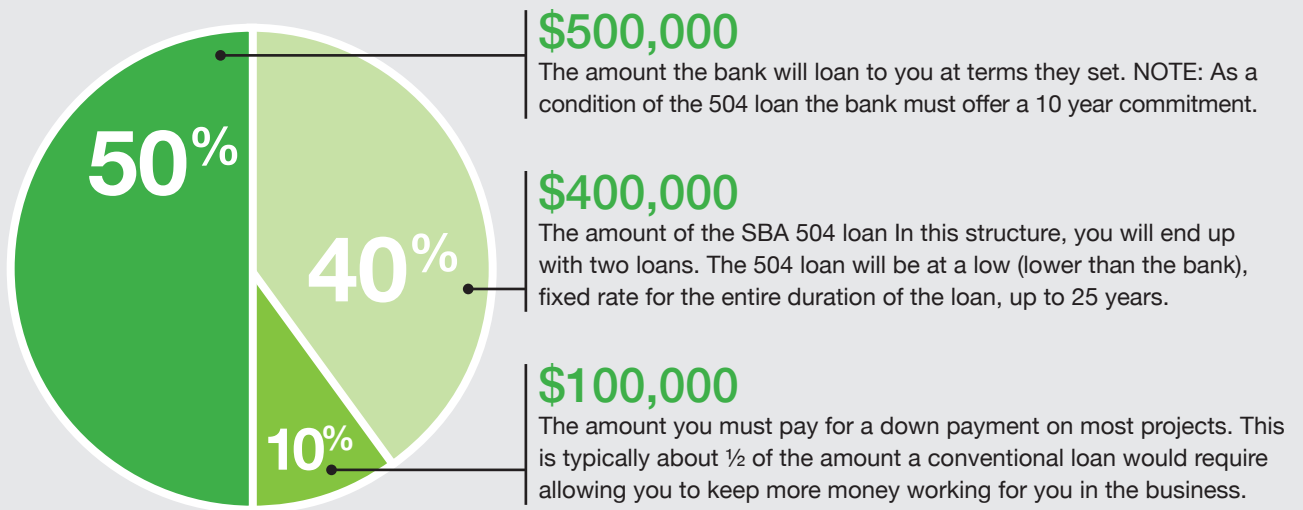
Term – The initial loan term is likely 5 years. This is the time that the bank has committed to you at the rate set forth in the loan.

At the end of 5 years your bank will consider the status of your account, review a new appraisal of the property and you will need to renegotiate a new term and interest rate.

ask your lender to show
you the 504 option

The SBA 504 Loan – A Better Loan Structure

A different loan structure for our same \$1,000,000 purchase.



Adding other sources of money to the structure of your loan can work to your advantage as a business owner. Each source likely comes with some rules and restrictions, but the trade off is likely lower rates, better terms or even possibly money that might not have to be repaid.

Common other sources include: Local TIF district incentives, participation by an economic development organizations' revolving loan fund and a variety of products available from the U.S. Small Business Administration.

One of the most accessible and advantageous programs is the SBA 504 Loan, which any local bank or credit union can offer in conjunction with WBD.

The **SBA 504 Loan** – Questions and Answers



The SBA 504 loan sounds great, but how do I know if I'm eligible?

While the SBA targets help to small businesses, what passes for small can be pretty big.

Your business is likely eligible if:

- It is a for profit business
- It has net worth of \$15 million or less

OR

- Average net profit of less than \$5 million for the past 3 years

This is not a “last chance” financing option. Businesses must demonstrate the ability to repay the loan.

While using this program may result in the bank making a smaller loan to you, they are better protected should something go wrong with the ability to recover their funds before the SBA 504 loan. This often results in helping a bank get comfortable with projects they view as more risky.

Most businesses are eligible, including startups.

WBD
“Speaks SBA,”
so you don’t
have to!

What can I use the SBA 504 Program for?

The SBA 504 Loan can finance commercial fixed assets. This includes buying or constructing owner occupied real estate or purchasing more expensive equipment with a longer useful life.

A few key points:

- For a purchase of an existing building, you must occupy at least 51% of the space
- If constructing a new building you must occupy 60% initially and 80% after 3 years
- Real Estate can be financed for 20 or 25 years
- Equipment purchases are generally financed for 10 years, but the term can be longer if the useful life of the equipment allows.
- The “sweet spot” for this program is for projects in excess of \$300,000.

Are there limits?

For most businesses, the SBA 504 loan can be up to \$5,000,000. This is both a per project and total SBA lending limit.

For manufacturers the limit is \$5,500,000, with no total SBA lending limit.



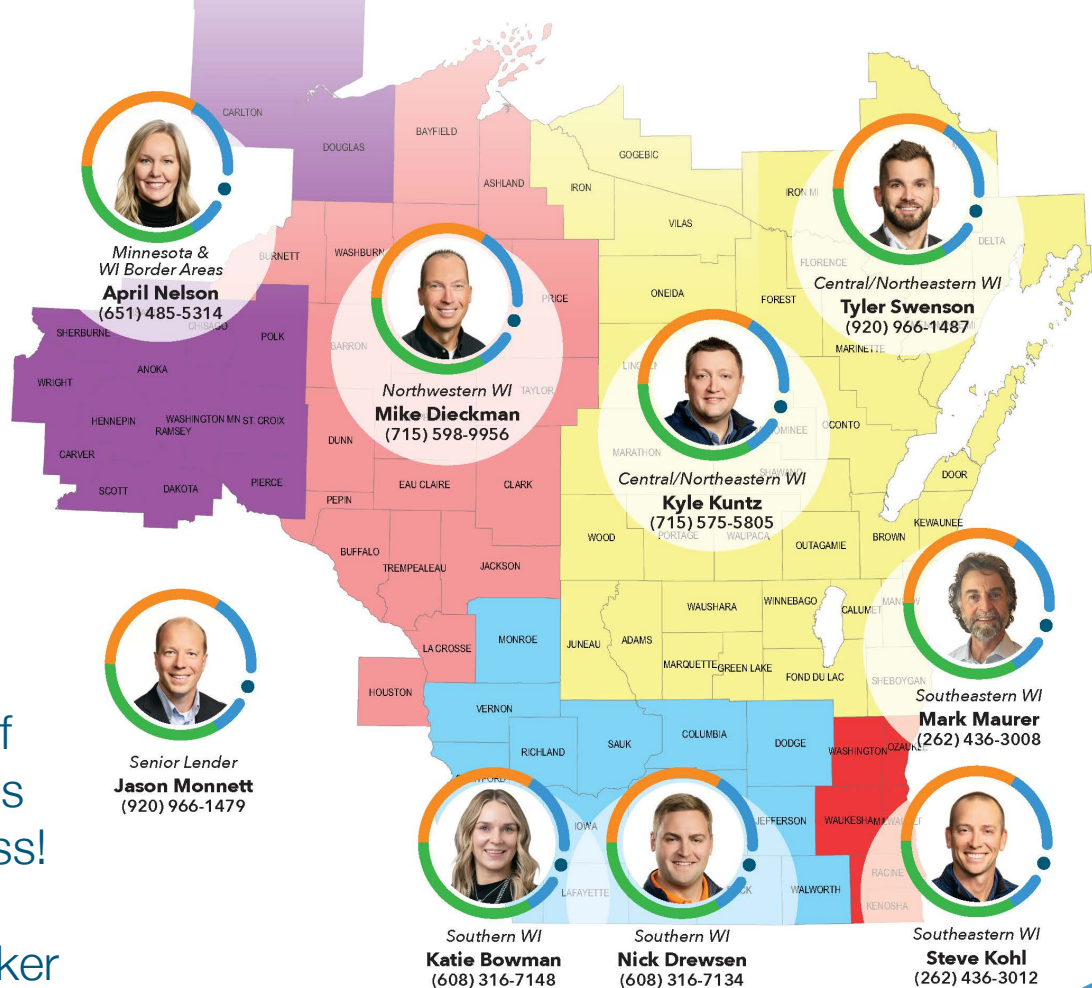
Where can I get more information?

WBD is one of the top SBA Certified Development Companies in the USA! We strive to be “Your Business Finance Resource” and have assembled a wealth of information on our website.

Visit **WBD.org** today and find:

- A three minute video explaining how the SBA 504 program works and where the money comes from. (Spoiler, the program pays for itself and uses no taxpayer dollars!)
- A calculator to compare the cost SBA 504 loan structure to a conventional structure
- More information on WBD, its mission to grow businesses, create jobs and build communities.
- Contact information – With 7 offices in WI and MN, there is a local WBD Loan Officer ready to meet with you!
- And much more!

Most businesses are eligible, including startups.



Knowing all of your options is smart business!

Ask your banker about the SBA 504 program today!



Getting Access to the **SBA 504 Program** is easy with WBD!

Let us be your SBA Sherpa, handling all of the interactions with the SBA for both you and your bank! We Speak SBA, so you don't have to!