



**ECONOMIC
DEVELOPMENT**

Rockford Local Development Corporation 504 Loan Program

This SBA loan program provides approved small businesses with long-term, fixed rate financing to acquire fixed assets for expansion or modernization. Banks normally require a down payment of 20-30% when financing fixed assets and prefer a floating rate or a fixed rate with a very short amortization. On a SBA 504 Loan, the down payment may be as low as 10% and the interest rate may be fixed for 10-20 years.

📄 For more information, visit the [Rockford Local Development Corporation](#) website.

Program Details

Purpose:	To purchase land and construct a new building; buy and renovate an existing building and/or acquire new machinery and equipment. An SBA 504 Loan can be used to refinance existing debt in connection with an expansion of a building, the renovation of a building or the purchase of new M & E.
Program Description:	The SBA 504 Loan Program is a powerful economic development loan program that offers small businesses another avenue for business financing, while promoting business growth and job creation.
Eligibility:	Your business must be operated for profit and employ 500 employees or less. Your business must have a net worth of \$15.0 million or less and an average net income of \$5.0 million or less after federal income taxes for the preceding two years prior to application.
Ineligible Projects:	Working capital, rental real estate, and inventory financing.
Loan Amount:	The maximum SBA loan amount is \$5.0 million. Small manufacturers or specific types of energy projects may qualify for up to a \$5.5 million loan.
Loan Term:	10 years for equipment only, 20 years for real estate.
Loan Rate:	Fixed for term of the loan; interest rate based on the current market for 5-year and 10-year U.S. Treasury Issues.
Fees:	Fees may be financed with the loan; recommend you contact RLDC to understand the fee structure for your project.
Application Process:	For assistance with the application process, either contact Greater Freeport Partnership Executive Director at (815) 233-1356 or your bank of record.
Job Criteria:	1 job created for every \$65,000 guaranteed by the SBA; 1 job created or retained every \$100,000 guaranteed by the SBA for small manufacturers; in lieu of your business meeting these job creation/retention goals, you may qualify if your project meets a community development or public policy goal – please contact the RLDC to discuss this option.



**ECONOMIC
DEVELOPMENT**

<p>Other Requirements:</p>	<p>Project assets being financed are used as collateral; in addition, a personal guarantee is required from an owner (s) holding a 20% or greater ownership interest in the business; 50% bank finance; 10% owner's equity.*</p> <p>Typical Structure:</p> <table border="0"> <tr> <td>👤 Borrower's Down Payment</td> <td>10%</td> </tr> <tr> <td>👤 Bank 1st Mortgage</td> <td>50%</td> </tr> <tr> <td>👤 SBA 2nd Mortgage-504 loan</td> <td><u>40%</u></td> </tr> <tr> <td></td> <td>100%</td> </tr> </table> <p><i>*Add 5% to borrower's down payment for startup business plus 5% for specialized building.</i></p> <p>Notice: Important information about identification procedures when obtaining a SBA 504 loan.</p> <p>To help the government fight the funding of terrorism and money laundering activities, Federal law requires all Certified Development Companies to obtain, verify, and record information that identifies each person who applies for a 504 loan.</p> <p>What this means for you: When you apply for a 504 loan, they will ask for your name, address, date of birth, and other information that will allow them to identify you. The RLDC may also ask to see your driver's license or other identifying documents.</p>	👤 Borrower's Down Payment	10%	👤 Bank 1st Mortgage	50%	👤 SBA 2nd Mortgage-504 loan	<u>40%</u>		100%
👤 Borrower's Down Payment	10%								
👤 Bank 1st Mortgage	50%								
👤 SBA 2nd Mortgage-504 loan	<u>40%</u>								
	100%								