

# 504 Hot Topics

Presented by

**Thomas Braasch**

**National Association of Development Companies**

**April 2019**



# SBA 504 Loans



Partner with a CDC  
Share the Workload



Up to 90%  
Financing



Low Fees



Low Fixed Rates



Great Tool  
for Banks



Versatile Uses  
for Fixed Assets



Current Rates are  
Below Market



Reduced Risk  
for Banks



Fixed Rate  
Locked In



Refinancing  
Available



Improved  
Cash Flow



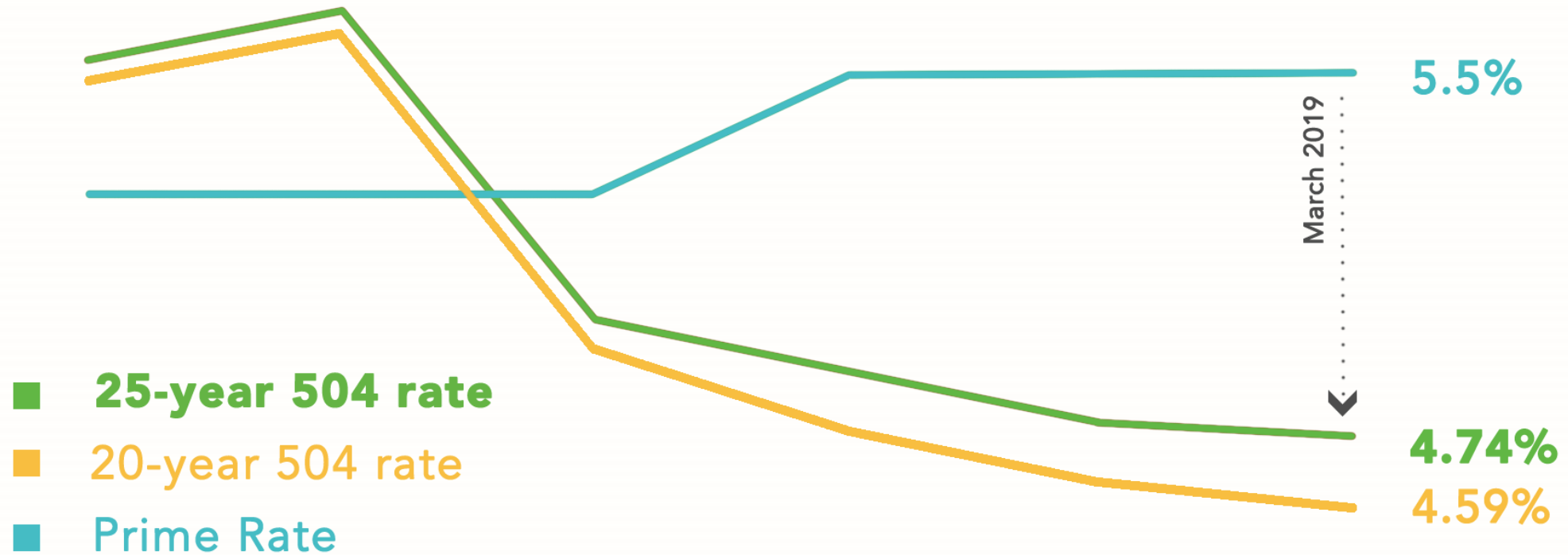
Long Term

**NADCO**

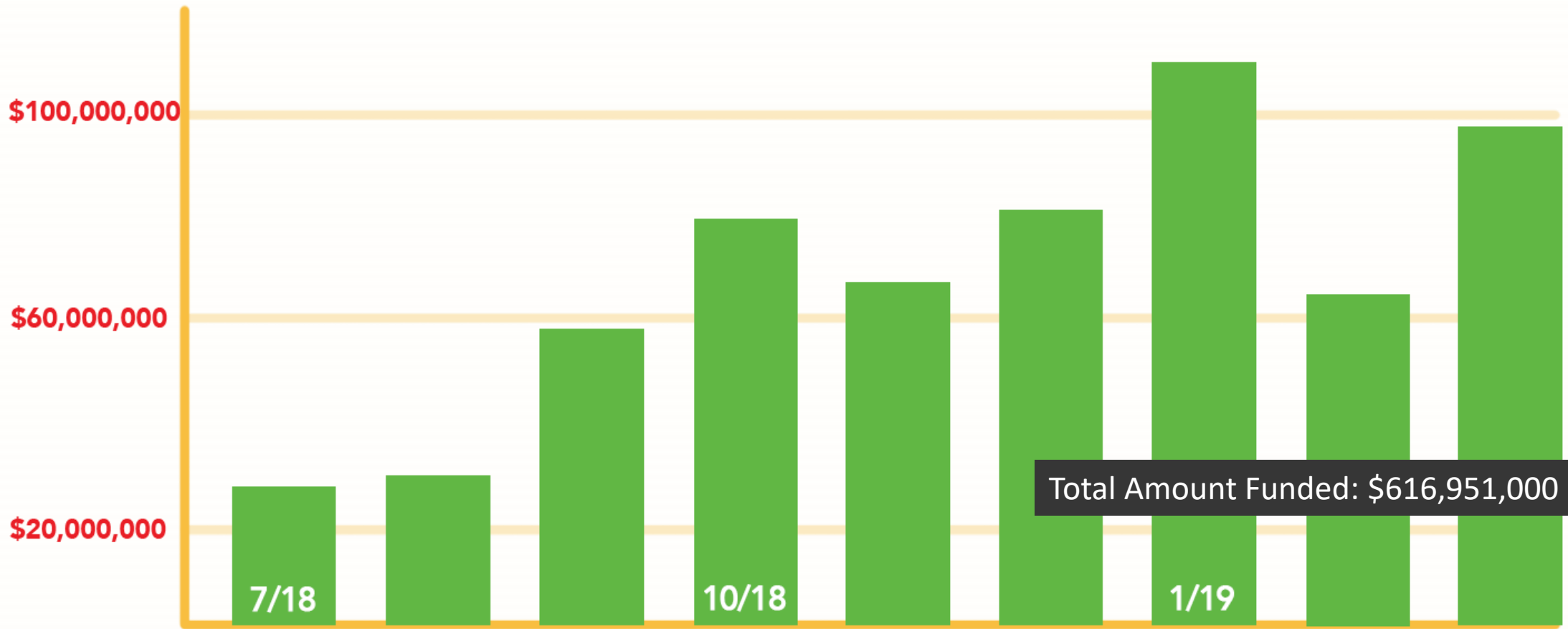
National Association of Development Companies

# New 25-Year Loans

- Current FIXED rate is just 0.15% above the 20-year rate
- 76 bps below prime

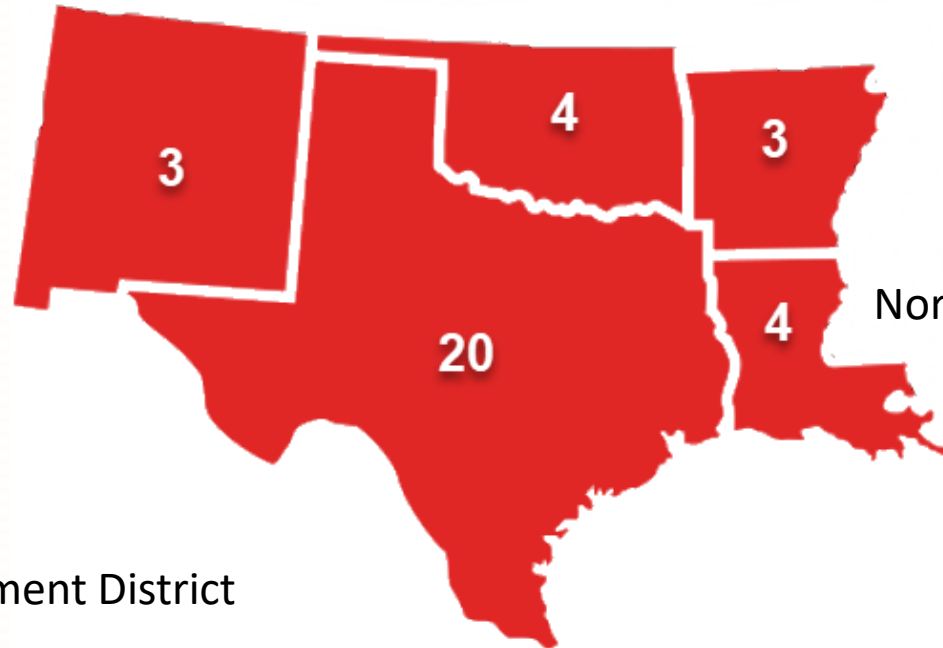


# Nine Months of 25-Year 504 Loan Funding



# 34 CDCs Located in Region 6

Alliance Lending Corporation  
ArkTex Council of Governments  
BCL of Texas  
BDF of TX  
**Capital CDC**  
Caprock Business Finance Corp.  
CDC of the Southwest  
Central Texas CDC  
East Montgomery County Improvement District  
East Texas Regional Development Company  
Enchantment Land CDC  
Greater Texas Capital Corporation  
Houston Galveston Area Council  
JEDCO Development Corp.  
LiftFund



Lone Star State Capital Corporation  
Louisiana Business Loans  
Louisiana Capital CDC  
Metro Area Development Corp.  
North Texas Certified Development Corp.  
PeopleFund  
Regional Loan Corporation  
RMI  
Rural Enterprises of Oklahoma  
Six Bridges Capital Corp.  
Small Business Capital Corporation  
Southeast Texas Econ. Dev. Found  
Texas Panhandle Regional Development Corp.  
Texas CDC  
Tulsa Economic Development Corp.

# Famous 504 Borrowers



## BRANDS



## RESTAURANTS



## OTHER



# 2019 Updates

## Updates

- Administrator McMahon resigns, effective April 12th
- Trump appoints U.S. Treasurer Jovita Carranza
- The Hill expressed interest in passing 504 legislation
  - ✓ Senate Small Business Committee hearing, Patti Kibbe serves as 504/CDC expert witness
- SBA 20- and 25-year interest rates dip below prime
- SLPC coming to the NADCO Spring Summit
- New SOP

# 504 Industry Recommendations

## As Presented in Written Testimony to Senate Small Business Committee

- SBA modernization recommendations for increased transparency / streamlining
- **Statutory Recommendations**
  - Reduce occupancy requirement (51% to 50%)
  - Reduce ownership to fulfill public policy goal (51% to 50%)
  - Reform SBA's **SOP** process
  - Reduce restrictions on Eligible Passive Companies and Operating Companies (EPC/OC)
  - Oppose the reinstatement of the Personal Resources Test
- **President 2020 Budget Proposal**
  - SBA 504 loan will continue to operate at zero subsidy
  - NADCO supports raising manufacturing loan cap (to \$6.5 million)
  - NADCO opposes increased fees and lowered cap for debt refinancing program



# NADCO 2019 Conferences



**Next:** NADCO Spring Summit (May 19-22)

**Fall:** NADCO Annual Meeting in Nashville (October 15-18)