

MICHIGAN CERTIFIED DEVELOPMENT CORPORATION: "Recovery Act Sparks SBA 504 Program is Simplified for Small Business Expansion"

The SBA 504 Program has been providing a new lease on life for small businesses and will be a leading factor in the small business community resurgence in Michigan, and Wolgast Corporation is proud to promote its use and offer this resource to our customers.

Recently, Wolgast participated in the MCDC sponsored SBA 504 Loan Program with our customers' needs in mind. With the implementation of the American Recovery and Reinvestment Act (ARRA) or otherwise known as the Stimulus Package, this program has become the prime lending program for small business expansion in Michigan. You can see highlights of this more user-friendly program below.

SBA 504 programs are primarily designed to assist healthy, expanding businesses that have been in operation for more than 2 years. Eligibility requirements include:

- A tangible net worth of less than \$7.5 million
- Average net profit, after tax, of less than \$2.5 million for the past 2 years

504 programs can be used for the following purposes:

- Purchase of land, building, machinery and equipment
- Land improvements
- Renovation or addition to an existing building*
- Construction of a new building
- Leasehold improvements

**Note – Renovations and Leasehold improvements may be weighted differently and may carry a lower priority.*

Small business advantages:

- Lower down payment: Borrow up to 90% of your financing needs, saving your money for working capital
- Longer repayment terms: Real estate can be financed for 20 year term
- Low, fixed interest rates for the life of the SBA loan

The program has been embraced by commercial lenders across the State due to the following advantages:

- Lower risk with a 50% LTV (Loan-to-Value)
- Lender gets first lien position
- 504 loans are eligible for CRA credit
- No SBA paperwork to complete
- 504 loans effectively extend lender limits to serve larger clients
- Ready secondary market for lender's first mortgage loan

In summary, this program will allow eligible businesses to buy, build, or remodel* commercial and industrial buildings with minimal investment, and yet enjoy the benefits of a fixed, below market interest rate and a 20 year term, with as little as 10% down.

Wolgast Corporation has been a leading provider of commercial construction services throughout the State of Michigan. We have many resources to help assist you while planning your construction or remodel projects.

Source: Michigan Certified Development Corporation



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**S.B.A.
Made
Simple for
Funding Small
Business Expansions**

Commodity Report for May 2010

(Compared to previous month)

Material & Supply Costs (Up 5.9% since last May)	+0.7%
Prepared Asphalt	+4.6%
Softwood lumber	+3.9%
Iron & Steel	+0.9%
Fabricated Ferrous Wire	+0.8%
Fabricated Structural Metal	+0.5%
Concrete Products	+0.5%
Plumbing Fixtures/Fittings	-0.2%
Nonferrous wire & cable	-1.7%
Crude Energy Prices	-5.1%

*Source: ABC Construction Economic Update
www.abc.org/Hot_Links/ConstructionEconomicIndex/PPI_June2010.aspx

**Team with Wolgast,
we can help!**

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