



# SBA 504 LOAN PROGRAM

Fixed Asset Financing For Growing Businesses

## Self-Help's 504 Loan Underwriting Considerations

These are the top five questions we ask when we're looking at the borrower's projects. If you have a borrower who fits the program, but falls short in answering these questions, give us call and we'll be glad to work through underwriting the loan on a case-by-case basis.

Contact a Self-Help 504 loan officer near you for details:

### Charlotte NC Region:

Dale Harrold or Ralph Ansell  
(800) 394-7428  
(704) 409-5914 or Ext. 5915

### Sandhills NC Region:

Allen Cofiori, Fayetteville  
(800) 774-7966 (910) 354-1015

### Northeastern NC Region:

Gerry Blood, Greenville  
(800) 893-9669 (252)752-2203

### Southeastern NC Region:

Louis Rogers, Wilmington  
(877) 559-4284 (910) 442-1021

### Triad NC Region:

Anna Tefft  
Greensboro & Winston-Salem  
(800) 269-7426 (336) 478-2611

### Triangle NC Region:

Joe Osowski, Durham  
(800) 476-7428 (919) 956-4493

### Western NC Region:

Tom Byers, Asheville  
(800) 229-7428 (828) 253-2813

### 1. How well can the business cash-flow the debt?

- ✓ Cash-flow coverage is single-most important criterion in most cases
- ✓ We like to see plus 1:1 debt coverage in existing financials
- ✓ We CAN underwrite on projections – especially for growing businesses

### 2. How strong is the company's balance sheet?

- ✓ Need to see healthy owner investment
- ✓ Post-project pro-forma debt/worth ratio 6:1 or less is considered solid; we can go higher, but we like to see strong compensating factors
- ✓ Self-Help does have discretion on this point
- ✓ We place higher standards on new business units than existing enterprises

### 3. What are the company's operating trends?

- ✓ We like to see solid growth (or potential for growth)
- ✓ We do not like to see excessive concentration with 1-2 customers
- ✓ We also look for solid A/R and A/P trends, indicating good health

### 4. How strong are the company's owners?

- ✓ We like to see some net worth outside the business
- ✓ Solid credit is important – no credit score minimum, but credit must be acceptable
- ✓ Borrowers must show they have a source for the needed project downpayment – either personally or on business balance sheet

### 5. How solid is the project collateral?

- ✓ We need to have appraisal that equals our project costs
- ✓ Self-Help always attempts to take as little extra collateral as possible – we want to let business retain assets it needs to grow

(If equipment is involved in the project, Self-Help might need collateral other than just project assets)