

# Igniting a regional recovery

Aiming to be a catalyst for economic and job growth in Northeast Ohio for 2010 through its Core SBA 504 and Ohio 166 loan programs

Cascade Capital Corporation's long-time trademark has been "To provide meaningful financing to area companies poised to grow through investment in new operating facilities, equipment and human resources." Over the course of the past five years, Cascade Capital Corporation has approved financing for more than 150 local/regional capital expansion projects totaling in excess of \$70 million through a combination of its core SBA 504 & Ohio 166 loan programs and commercial bank financing. These projects were expected to result in the creation of 1,000 new jobs.

During 2009 when SBA 504 Loan Program usage was down 27 percent nationally, Cascade Capital's loan volume was up 3.8 percent.

Today, when northeastern Ohio is mired in an economic slump with a subsequent 10 percent unemployment rate, the ability to provide funding to small and midsized companies so that they purchase new operating facilities and create new jobs is of paramount importance. Unfortunately, small and medium-sized companies, which have historically created greater than 70 percent new jobs in the United States, are having extensive difficulty in accessing credit entirely through the banking system. Enter Cascade Capital Corporation and its core financing programs ...

## Cascade Capital Corporation's SBA 504 Loan Program

The SBA 504 Loan Program, provided by Cascade Capital Corporation throughout the greater Akron/Canton area and Ohio, serves as a catalyst for growth for the greater small and medium-sized business community. The SBA 504 serves as a major credit enhancement for banks, providing them with a fixed asset financing partner for funding new building purchases for their business customers. Typically in a combination bank/SBA 504 lending scenario, the bank will provide 50 percent project funding and receive a first mortgage on project property, Cascade Capital (SBA 504) will provide 40 percent project financing and receive a second mortgage, and the borrower will contribute only a 10 percent down payment. The bank's 50 percent loan to value (LTV) substantially minimizes its project lending risk.

## Growth financing programs

*Cascade Capital can deliver anywhere in Ohio*

### SBA 504 Loan Program

- Typical financing structure: commercial bank — 50%; SBA 504 — 40%; borrower equity — 10%; SBA 504 subordinates its project security position to participating bank lender
- Loan amounts up to \$1.5 million; qualifying public policy projects up to \$2 million; manufacturing, energy reduction and renewable energy/fuels projects up to \$4 million
- 20-year financing term on real estate and 10 years on equipment; interest rate fixed and below market
- 1.5% SBA 504 loan processing fee and 0.5% bank/senior lender fee currently eliminated; resulting gross savings of \$8,500 on average \$1 million transaction

### Ohio 166 Regional Loan Program

- Typical financing structure: commercial bank — 50%; Ohio 166 — 40%; borrower equity — 10%; shared first lien position with participating bank lender on project assets only
- Most businesses qualify (except retail)
- Loan amounts up to \$500,000
- Fixed interest rates set at 2/3 prime or less
- Job creation/retention requirement of one job per \$35,000 of Ohio 166 loan
- Prevailing wage rates required on all installation and construction

A major effect of the credit crisis has been a general decrease in commercial real estate values. This situation has enabled companies to purchase new operating facilities at "bargain" prices. What benefits does a Cascade Capital SBA 504 hold for these companies?

Major benefits include, in most cases; only a 10 percent down payment ... that's right, only 10 percent! Traditional lending models typically require 20-30 percent down. The SBA 504 also offers a 20-year loan term at below market fixed interest rates for real estate purchases. Recent 20-year fixed interest rates have been in the 5.15-5.40 percent range. In fact, several SBA 504 projects approved during 2009 by Cascade Capital resulted in lower project debt service compared to borrowers existing building rent. Cascade Capital Corporation's SBA 504 Program: Check it out and save!

### Cascade Capital Corporation's Ohio 166 Loan Program

The Ohio 166 is a solid funding option for companies investing in new operating facilities and equipment. The Ohio 166 Program can provide 40-45 percent project financing; 90 percent project financing available when

combined with a bank. Program benefits include a below-market fixed interest rate (currently set at 3 percent or less), a \$500,000 loan maximum and up to a 15-year loan term.

Loan approvals are quick and easy!

Approving either a SBA 504 or Ohio 166 loan through Cascade Capital takes two to three weeks tops. Since Cascade Capital co-finances the building or equipment purchase with a commercial bank, loan information provided by a borrower can be shared between the project bank and Cascade Capital leading to quick loan approvals.

Please contact Bob Filipiak, executive director of Cascade Capital, directly at (330) 379-3160 for information; Web address is [www.cascadecapital.org](http://www.cascadecapital.org).



*A certified development corporation*