

SBA 504 Energy Savings Projects

Do you have a borrower who has maxed out or is nearing their \$5 million total cap in SBA guaranteed loan dollars but still needs access to additional SBA loan dollars? Or perhaps they would like to preserve their SBA loan dollar availability now and have the flexibility in the future for additional SBA loan projects. This is common with many hotels, assisted living facilities, movie theatres, car washes, daycare/schools, golf courses, medical/veterinary clinics, restaurants, and self-storage facilities.

Are you familiar with the SBA 504 loan program for Energy Savings Projects?

This is an extremely useful program that enables the borrower to obtain additional SBA loans when they have maxed out or are nearing the \$5 million cap in total SBA guaranteed loan dollars.

By utilizing the "Energy Savings Project Program" the borrower can now tap into a \$5.5 million debenture as well as the ability to have multiple SBA loans above the \$5 million in total SBA guaranteed loan dollars. *It also satisfies the Economic Development Objective anytime it is challenging for a CDC to meet the job retention or job creation requirement.

There are different pathways to achieve this and I am available anytime for a quick phone call to explain how a borrower can qualify. I will highlight the most common pathways below:

1) 10% Reduction in Energy Consumption. This pathway can only be used if the borrower has already been occupying the existing facility or is replacing an existing facility in the same geographic area (same city, town, county, zip code or MSA).

2) 15% Renewable Energy to offset the annual estimated energy use at the Project Facility. The most common pathway for renewable energy is derived from solar. There are financial incentive programs for solar such as 30% ITC (Federal Investment Tax Credit) & MACRS (accelerated depreciation) - both excellent tax savings programs to help reduce the effective cost of solar. The cost of the equipment and installation must be included in the 504 Project costs.

We have helped hundreds of SBA borrowers qualify for this Energy Savings Project Program. We help facilitate the required third party Energy Audit Report as well as provide the Solar Proposal for the design & installation.

Please keep Entero Energy in mind to help your next SBA 504 borrower. We are happy to consult early on to help them get a good idea and sense of what steps & costs are needed to qualify for this Energy Savings Project Program. I have a long established background with over 18+ years in working in SBA lending, it would be a pleasure to be of help to you and your clients.



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