



FOR SALE

90 Hamilton Street · Cambridge, MA
7,800 SQUARE FOOT BUILDING
WWW.90-HAMILTON.COM

NINETY HAMILTON

COMMERCIAL

MICHAEL D'HEMECOURT
617.850.9670

JEREMY A. FREID
617.850.9602

MULTI-FAMILY

CHRISTOPHER D. SOWER
617.850.9633

JASON S. WEISSMAN
617.850.9608



BOSTON REALTY ADVISORS
CAPITAL MARKETS GROUP

745 BOYLSTON STREET · BOSTON, MA · 617.375.7900

More in Store for 504 As SBA Loans Thrive



3 Thatcher Ln., Wareham MA

BY MIKE HOBAN

BOSTON — Small business owners looking to buy or upgrade their real estate are finding the venerable 504 loan program offered by the U.S. Small Business Administration to be a preferred method for securing long term financing—but it has not always been viewed that way by borrowers or lenders.



BARBARA ARENA

"There's been real shift (in thinking)," conveys Davis, Malm & D'Agostine Partner George A. "Tony" Hewett, who specializes in structuring such deals. "It used to be a last resort for those businesses that could not get conventional loans, but now the 504 is something banks are bringing to borrowers up front. You no longer have the aura of 'Oh. You had to get an SBA loan? What's wrong with your credit?' Now it's 'Hey, I jumped on this really terrific program using SBA.'"

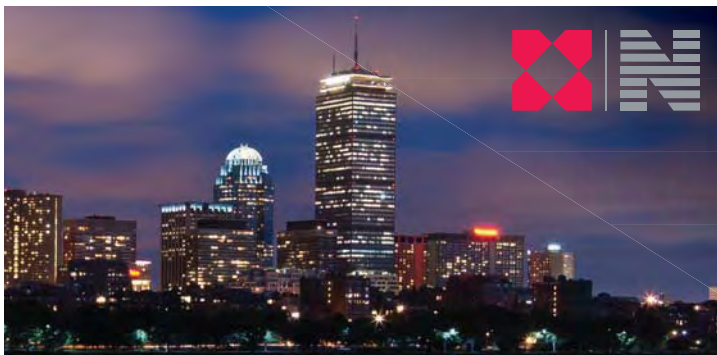


GEORGE A. "TONY" HEWETT

First introduced in the 1980s, the program is designed to meet the capital needs of growing businesses and is used for real estate and machinery. Qualified businesses can borrow up to \$5 million, but if the funds are used for real estate, the company must occupy at least 51 percent of the property (60 percent occupancy for new construction). The borrower must put up at least 10 percent, their chosen bank lends 50 percent at their own rate and term (10-year minimum) and has a first lien on the assets being financed. A Certified Development Corporation (CDC) lends the remaining 40 percent (typically 20 years at a fixed rate), with a second lien.

"It continues to be a very, very, very active program, and a ton of deals are getting done," says Hewett, whose firm has closed on "about 40" such deals in the first half of the year, and the pipeline still is producing originations. Another key factor that has increased its viability as a financing tool is the streamlining of the loan process, Hewett further explains. "For many years it was a fall back program to conventional loans because it was (difficult to work with)," says Hewett. "And that has changed dramatically in the last five years. SBA has really embraced the use of technology, everything is filed online. It is a much faster turnaround, and the players in the 504 program are much more sophisticated and realize that it's a great deal."

continued on page 37



UNMATCHED REAL ESTATE SERVICES. A GAME-CHANGING PLATFORM.

Full-service integrated real estate solutions for tenants, buyers, landlords, owners, developers and investors around the globe.

**Newmark Grubb
Knight Frank**

470 Atlantic Avenue, 11th Floor, Boston, MA 02210 T 617.772.7200 / 617.449.5959

North America • Europe • Asia-Pacific • Africa • Middle East

www.ngkf.com

504 LOAN PROGRAM

continued from page 30

Borrowers are spread across a wide swath of businesses, from manufacturing companies to restaurants, hotels, and service and professional entities. Hewett and his firm closed on a deal for the 8 Dyer Hotel, a 13-room Bed and Breakfast in Provincetown. The regional CDC, Cape & Islands Community Development Inc., provided \$458,000 and \$445,500 and \$742,500 mortgages came from Seamens Bank. Wakefield-based New England Certified Development Corp. arranged (\$527,000) for the Rexhame General Store in Marshfield (with mortgages of \$509,600 and \$637,000 from South Coastal Bank) and for a flex building at 3 Thatcher Ln. in Wareham where the CDC provided a \$630,000 mortgage while Rockland Trust Co. delivered \$610,000 and \$762,500. A retail property at 76-80 Colon St. in Beverly was backed by \$534,000 from Granite State and \$520,000 and \$650,000 from Provident Bank. The seller is Eighty Colon Street LLC and the buyer/borrower is 80 Colon Street LLC, managed by Christopher J. Costello. Elizabeth Trifone is a loan officer with New England CDC.

Another active group is Granite State Development Corp., which utilizes in-house



76-80 Colon St., Beverly MA

counsel for their transactions. While representatives were not available for comment, public records indicate they provided shipping company KWL, Inc./Champagne Logistics a \$1.77 million mortgage for a 92,500-sf industrial building (sold by Campanelli) at 15 Liberty Way in the Franklin Industrial Park, with \$1.73 million and \$2.16 million mortgages from Avidia Bank. Granite State also delivered a \$1.19 million mortgage to the owners of the Golden Cannoli Shells Co. for a 24,550 sf industrial property in Chelsea,

with First Trade Union Bank committing mortgages of \$1.15 million and \$1.44 million. Granite State loan officers active in the region include Barbara Arena and Matthew Collins

"I'm a firm believer that real economic activity occurs because of the 504 program," says Hewett. "(There are deals) that wouldn't get done because it's either too much of a risk for the bank, or the borrower doesn't have the 20-25 percent down that the bank would require in a conventional deal." ♦

3PHASE
Elevator Corporation

MANAGING YOUR MOST VALUABLE 35 SF ASSETS.

INSTALLATION | MODERNIZATION | MAINTENANCE | INSPECTIONS
The Highest Standards In Vertical Transportation | 781.380.0932 | www.3phaselevator.com