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Atlanta Entrepreneur Russell Rainey Uses SBA Programs To Grow his Inner-City Apparel Manufacturing Company *—His Company buys Building with SBA 504 Development Loan—*

After leasing for seven years, Russell Rainey needed additional space for his company, Rainey Apparel Manufacturing Inc., and its line of post-operative, medical garments for plastic surgery patients.

Fortunately, Rainey, CEO, was able to join a growing number of business owners who are turning to SBA 504 loans as banks tighten their lending practices and commercial office space becomes cheaper in some markets.

Rainey was approved in late 2007 for his \$1.5 million 504 loan which was issued through Georgia Small Business Capital, an SBA Certified Development Company. Rainey's loan covered the purchase and partial renovation of the 50,000 square foot building where his 10-year old company is based. "We needed additional space and I was able to occupy an additional 18,000 square feet of space after I acquired the facility," said Rainey

SBA 504 loans can be used to purchase business real estate, such as Rainey's headquarters building, or fixed assets including heavy equipment or machinery. Because 504s are backed by the federal government, they're typically easier and cheaper to secure than conventional commercial mortgages.

Rainey's loan had features common to most 504 financing. RBC Bank, as the commercial lender, provided about 50 percent of the project cost, while Georgia Small Business Capital, an SBA-certified nonprofit agency, provided another 40 percent raised through government guaranteed debentures. As the borrower, Rainey put down 10 percent of the project cost which was financed through a small business loan from the Atlanta Development Authority.

Typically, 504 money is loaned at below-market, fixed interest rates (say, a 20-year term rather than a 15-year term), making it more affordable for the average small-business owner. "The interest rate at the time was attractive," confirmed Rainey.

Rainey's company is one of 17 small businesses from Atlanta's inner-city area that are participating in the SBA's Emerging 200 Initiative, a 60-80 hour advanced training program for qualifying firms with the potential for rapid expansion and job creation. Atlanta is one of 10 cities where the SBA is conducting



the “e200” initiative that uses case study models with other examples drawn from the participating entrepreneurs’ businesses.

“I’ve found the program so far to be very enlightening,” said Rainey. “It gives you information that is needed to consider in your decision-making process and growing your company in today’s market.”

Rainey also enjoys the interaction with the other entrepreneurs taking part in the program which helps them draft a three-year strategic growth plan for their businesses. “Getting to meet with fellow entrepreneurs allows us to compare our business plans and talk ‘real talk’ about real experiences,” he said.

Rainey’s products are marketed under “Rainey Compression Essentials” and are made of nylon and “Lycra” fabric. They are design to be worn during a 4-6 week post-op, recovery period. Rainey has operated a web site for over 5 years where patients can order direct from his company. His products are sold nationwide and exported to a dozen foreign countries.

A native of Mobile, Rainey attended the University of Alabama in Birmingham. His background is electronics and his first post-college job was with Atlanta-based Electromagnetic Sciences. His son, Russell Rainey II, works with the company in manufacturing operations.

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