



# The SBA 504 Loan Program: Money That Works for You

## ABOUT ABCD CORP.

The Altoona-Blair County Development Corp. (ABCD Corp.) is a private non-profit economic development corporation that is licensed to facilitate the SBA 504 program throughout the state of Pennsylvania.

## ESTABLISHED RELATIONSHIPS WITH LOCAL PARTNERS IN YOUR AREA....

ABCD has agreements to co-market and administer the SBA 504 program with local economic development organizations in counties throughout Pennsylvania.

These existing partnerships provide our clients access to a local contact along with a wider array of state and local economic development financing options in addition to the SBA 504 program.

## WHAT IS THE SBA 504 PROGRAM?

The SBA 504 Loan Program is a fixed asset financing program for expanding small business. It is the first federal financing tool to recognize the importance of small businesses in the job creation process through their capital asset purchases.

SBA 504 loans, offered by the Altoona-Blair County Development Corp. in conjunction with lenders throughout Pennsylvania, stimulate the development and growth of small businesses.

## WHAT DOES THE SBA 504 PROGRAM DO?

Small businesses, historically unable to tap into the long term capital market, can do so with the 504 loan. Terms and conditions more suited the needs of small businesses are possible with this program.

The structure of 504 loan financing supplements private sector financing from conventional lending sources along with other economic development financing programs.

## ABCD CORP.'s SBA 504 PARTNERS:



Altoona-Blair County Development Corp.  
3900 Industrial Park Drive  
Altoona, PA 16602  
814.944.6113 | [www.ABCDcorp.org](http://www.ABCDcorp.org)





## Who Can Use the SBA 504?

### ELIGIBLE APPLICANTS:

- ♦ Business Entity Classified as a Small Business
- ♦ Owner Occupied Real Estate
- ♦ For-Profit Corp., Partnership, LP, LLC, or Proprietorship
- ♦ Tangible Net Worth of Not More than \$15,000,000
- ♦ Average After-Tax Profit of Not More than \$5,000,000 for Each of the Last 2 Years
- ♦ Building Purchase: Must Occupy 51% of Building
- ♦ New Construction: 60% of Building Occupied Immediately and 80% Over the Long Term
- ♦ Ability to Refinance Some Existing Debt

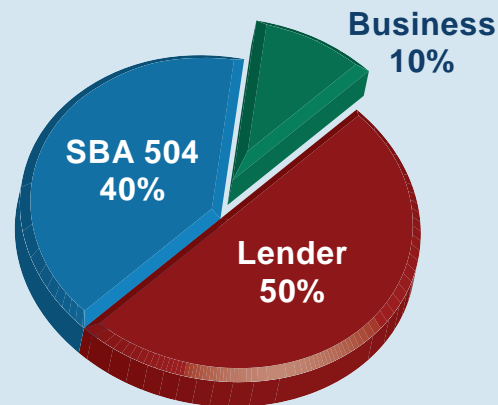
### ASSETS THAT CAN BE FUNDED:

- ♦ Land Acquisition
- ♦ Building Construction
- ♦ Building Purchase
- ♦ Leasehold Improvements
- ♦ Equipment
- ♦ Renovations
- ♦ Related Project Costs

### INELIGIBLE BUSINESSES:

- ♦ Non-Profits
- ♦ Lenders
- ♦ Real Estate Investment
- ♦ Print Media
- ♦ Gaming

## SBA 504 Loan Structure



### LENDING LIMITS:

- ♦ Up to 40% of Eligible 504 Project Costs
- ♦ \$5,000,000 for Typical Projects
- ♦ \$5,500,000 for Qualifying Manufacturing and Energy Related Projects

### SAMPLE PROJECT OF \$2,500,000:

	% of Project	Loan Amount	Term (years)	Interest Rate
Lender	50%	\$1,250,000	10-20	Market
SBA 504	40%	\$1,000,000	10 or 20	Fixed
Business	10%	\$250,000		
	<b>100%</b>	<b>\$2,500,000</b>		

## What are the Benefits?

### BUSINESS BENEFITS:

- ♦ Low Down Payment (normally 10-20%) Lets You Preserve Your Cash for Your Working Capital
- ♦ Competitive Interest Rate – Typically Below Bank Rates
- ♦ Fixed Interest Rate for the Term of the Loan of Either 10 or 20 Years
- ♦ Financing that Fits a Variety of Project Sizes
- ♦ Program Offers Additional Benefits for Women, Veteran and Minority-Owned Companies, Export Related Companies, Green Buildings and Businesses in Rural Communities

### BANK BENEFITS:

- ♦ Increase Your Loan Portfolio's Profit while Reducing Risk
- ♦ Earn Fees and Profits on Your First Mortgage
- ♦ Make Larger Loans, Beyond Current 7a Limits
- ♦ Lower Risk by Having First Lien Position on 100% of the Assets being Financed
- ♦ CRA Credits
- ♦ ABCD Corp. Handles SBA Application Processing, Approval, and Loan Servicing

