

SBA 504 Money That Works

What is the SBA 504 Program?

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

What does the 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 business are possible. The structure of 504 loan financing supplements private sector financing from conventional lending sources along with other economic development financing programs.



About ABCD Corp.

The Altoona Blair County Development Corporation (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 Economic Development Partners in your area....

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

This partnership provides our clients access to a local contact along with a wider array of economic development financing options in addition to the SBA 504 program.

504 Economic Development Partners...

Bedford County Development Association
Clarion County Economic Development Corporation
Community Development Corporation of Butler County
Economic Growth Connection of Westmoreland County
Franklin County Area Development Corporation
Fulton Industrial Development Association
Greene County Industrial Developments, Inc.
Huntingdon County Business and Industry
Indiana County Development Corporation
Jefferson County
Johnstown Area Regional Industries
Lawrence County Economic Development Corporation
Penn-Northwest Development Corporation
Somerset County Economic Development Corporation
Tioga County Development Corporation



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Your Financial Needs,
Our SBA 504 Program,
We Should Meet!



W W W . A B C D C O R P . O R G

Who can use the SBA 504?

Eligible Applicants:

- ♦ Business entity classified as a small business
- ♦ Owner Occupied Real Estate
- ♦ For-profit Corporation, Partnership, LP, LLC, or Proprietorship
- ♦ Tangible net worth of not more than \$8,500,000
- ♦ Average after-tax profit of not more than \$3,000,000 for each of the last 2 years
- ♦ Building Purchase: Must occupy 51% of existing building
- ♦ New Construction: 60% of new building to be 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
- ♦ Renovations
- ♦ Equipment
- ♦ Leasehold Improvements
- ♦ Related Project Costs

Ineligible Businesses:

- ♦ Nonprofits
- ♦ Lenders
- ♦ Gaming
- ♦ Print Media
- ♦ Real Estate Investment

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 – 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 Corporation handles SBA application processing, approval, and loan servicing

What is the Loan Structure?

Lending Limits:

- ♦ Up to 40% of eligible 504 project costs
- ♦ \$1,500,000 for typical projects
- ♦ \$2,000,000 for projects meeting SBA's public policy goals
- ♦ \$4,000,000 for qualifying manufacturing and energy-efficient projects

Sample 504 Loan – Project Cost \$1,500,000:

	% of Project	Loan Amount	Term (years)	Interest Rate	Lien
Lender	50%	\$750,000	10-20	Market	1st
SBA 504	40%	\$600,000	10 or 20	Fixed	2nd
Business	10%	\$150,000			
	100%	\$1,500,000			