

Benefits to Bank

- 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
- APBDC handles SBA application processing and approval

Benefits to Business

- Low down payments (in most cases) – 10% lets you preserve your cash for your working capital
- Competitive interest rate
- Fixed interest for the term of the loan – either 10 or 20 years – you don't have to worry about the prime lending rate going up
- Financing that fits a variety of project sizes
- Program offers additional benefits for women, veteran and minority-owned companies, export related companies and businesses in rural communities

Allegheny-Pittsburgh Business
Development Corporation
(APBDC)
200 Ross Street
412-255-6553
412-255-6542 (fax)

SBA 504 Program

What can SBA 504 do for you?



a program of the
**Allegheny-Pittsburgh Business
Development Corporation**
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SBA 504

financing supplements private sector financing from conventional lending sources along with other economic

The 504 Program can provide funding for:

- Building Purchase
- Construction and/or Renovation
- Related Land Acquisition
- Soft Costs and Loan Fees
- Leasehold Improvements
- Machinery and Equipment Purchase (minimum 10 year useful life)

Eligible Businesses:

- Owner-occupied
- For-profit corporation, partnership or proprietorship
- Tangible net worth under \$7 million
- Net profits after taxes under \$2.5 million

restaurants
medical offices
commercial printing
robotics
manufacturer
franchise
computer firms
bio-tech
wholesale
healthcare
hotels and motels
auto dealerships

What is the SBA 504 Program?

The Small Business Administration's (SBA) 504 Loan Program is a fixed asset financing program for expanding small business. SBA 504 loans offered by the Allegheny-Pittsburgh Business Development Corporation (APBDC) in conjunction with lenders throughout Pennsylvania stimulate the development and growth of small businesses. The APBDC can obtain fixed, below market rate financing from the SBA 504 loan program for eligible, growing businesses. Such a loan is ideal for situations where the business is growing, but borrower cannot obtain sufficient funds from a bank, and cannot make up the difference with additional equity. The 504 loan reduces the bank's exposure and also reduces equity requirements.



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. The 504 program provides up to 20 year financing and only requires ten percent (10%) equity (in most instances). The structure of 504 loan

development financial programs. It is an excellent vehicle to finance restaurants, office headquarters, manufacturing, and related real estate and equipment.

Sample Financing Structure

Lending Limits

Up to 40% of eligible 504 project costs
 \$2,000,000 for projects meeting public policy goals
 \$4,000,000 for qualifying manufacturing projects

Sample 504 Loan Project Cost \$2,000,000

	% of Project	Loan Amount	Term	Interest Rates	Lien
Lender	50%	\$1,000,000	10-20 yrs	Market	1st
SBA 504	40%	\$800,000	20 yrs	Fixed	2nd
Equity	10%	\$200,000			
	100%	\$2,000,000			

About the APBDC and the URA

The APBDC is a subsidiary of the Urban Redevelopment Authority of Pittsburgh (URA), who serves to generate, stimulate and manage growth and development in the City of Pittsburgh. Established in 1946, the URA carries out the City's major development projects, programs and activities. As a developer of last resort, the URA develops properties which the private sector will not undertake. Its goals are to create jobs, increase the city's tax base, and improve the vitality of businesses, neighborhoods, and the City's culture as a whole.



Restaurant



Professional Services