



# SBA 504 Loan Program

- SUMMARY:** The U.S. Small Business Administration (SBA) 504 loan program provides long-term, fixed rate financing of up to \$5 Million for major fixed assets that promote business growth and job creation. SBA 504 loans are available through Certified Development Companies (CDC's).
- AREA ELIGIBILITY:** SBA 504 borrowers must be located or agree to locate within Franklin County, PA prior to the disbursement of the loan.
- ELIGIBLE BORROWERS:** To qualify for financing through the SBA 504, a business must be a for-profit company in the US; have a tangible net worth of less than \$15 Million; and have tangible net income of less than \$5 Million after federal income taxes for the 2 years preceding loan request. Other general eligibility standards include falling within SBA size guidelines, having qualified management expertise, a feasible business plan, good character, and the ability to repay the loan.
- ELIGIBLE COSTS & ACTIVITIES:** The SBA 504 program finances a portion of total eligible project costs, which include:
- **REAL ESTATE** – Those costs can include land, building construction, acquisition and/or renovation. Costs can include street, utilities, parking lot, and landscaping.
  - **MACHINERY & EQUIPMENT** – Those costs can include the purchase of long-term machinery and equipment.
- FUNDING:** The SBA 504 program can finance up to 40% of total eligible project costs. The minimum loan amount shall not be less than \$125,000 and the maximum loan amount is generally capped at \$5 Million.
- TERMS:** Terms can be structured at 10 or 20 years.
- INTEREST RATE:** Sub-prime interest rates are fixed for the life of the loan. ***Please contact the FCADC to get the most current SBA rates.***

**For more detailed information, please contact the FCADC:**

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