

## FOR IMMEDIATE RELEASE

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### SBA 504 LOAN PROGRAM CONTINUES SMALL BUSINESS LENDING IN SPITE OF CURRENT CREDIT CRISIS

*The Southern Development Council, Inc. reports SBA 504 loans are available for business expansion for America's small business entrepreneurs*

**Montgomery, AL (October 2, 2008)** - In spite of the credit crisis that has gripped many financial institutions and slowed lending for commercial expansion, SBA 504 loans are still available for qualified small businesses during these turbulent economic times. “The credit crisis has not frozen the SBA 504 loan program and loans are still available for businesses seeking to expand through real estate acquisition or construction, adding on to their existing facilities, or needing to make large equipment purchases” according to Southern Development Council, Inc. Executive Director Dana Moore. “Along with many of our lending partners and the SBA, we are doing business as usual and will continue to do so for the long haul. 504 loans provide a steady source of new long term capital at a fixed rate, and frequently with only 10% down on a new project for a small business, helping to conserve cash for operating expenses.”

A vacant commercial property in a neighborhood can represent an opportunity for a small business owner who needs more space. Now may be the perfect time to consider expanding into that larger facility, or simply seizing the chance to buy that first facility for a thriving small business at a very advantageous price.

In fact, the intent of SBA loans is to provide access to capital for small businesses that might not otherwise be available through regular capital market channels. When the economy is strong and access to capital is a relatively easy, there is typically less demand for SBA financing. In the case of the SBA 504 loan, a private sector lender partners with a CDC, such as Southern Development Council, Inc., to provide financing for the purchase, construction or renovation of owner-occupied commercial real estate. Use of the SBA 504 loan tends to become increasingly important as a source of long term financing when traditional sources of money decline as they have in recent months.

There are some commercial banks or other lenders that are unable or unwilling to provide the full amount of financing necessary to small businesses at this time. However, the CDC industry reports that virtually all lending partners using the 504 program are still actively lending on SBA projects to qualified expanding small business borrowers who are creating new jobs or retaining jobs in their communities. The SBA 504 loan program remains a great program for banks, since it mitigates private sector lender risk on commercial real estate financing by limiting the bank's risk to only 50% of the project cost, while SBA funds up to 40% through guaranteed bond issues. Making the program more attractive is that it is delivered at "zero subsidy", meaning users of the programs, not taxpayers, cover the cost.

Funds for the SBA 504 loan program come from the sale of long term bonds each month. These bonds carry the full faith and backing of the U.S. government and present an attractive investment option for money managers, pension funds, insurance companies and other large institutional investors. The sales of SBA 504 bonds, known as debentures, have been successfully conducted every month for the past 27 years.

#### **About the Southern Development Council, Inc.**

Created in 1983, the Southern Development Council, Inc. is a non-profit Certified Development Company (CDC) serving the entire state of Alabama. Certified by the U. S. Small Business Administration, CDCs are community-based economic development organizations that serve their local communities and states, and are dedicated to the promotion of small business expansion and job creation through SBA's 504 Loan Program. In addition to the 504 program, Southern Development Council, Inc. also provides small businesses with access to other economic development loan programs.

For more information, please call (800) 499-3034 or visit <http://www.sdcinc.org>.

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