

## FOR IMMEDIATE RELEASE

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

*South Eastern Economic Development Company of PA "SeedCo" reports SBA 504 loans are available for business expansion for America's small business entrepreneurs*

**Exton, PA, (September 30, 2008)** -- In spite of the credit crisis that has gripped many financial institutions and slowed lending for commercial expansion, SeedCo, Pennsylvania's leading SBA 504 lender is assuring small business entrepreneurs that 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 simply adding on to their existing facilities, or needing to make large equipment purchases" according to SeedCo Director, Chuck Evans. SeedCo, our banking partners and the SBA 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 relatively easy, there is typically less demand for SBA financing. In the case of the SBA 504 loan, a private sector lender partners with SeedCo 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 financing to small businesses at this time. However, Evans 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 through the use of an SBA guarantee.

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. Evans concluded, “The amazing part about the 504 loan program is that it costs the Federal government absolutely nothing, due to the low default rate costs that are covered by its low fees. There is no requirement for a Congressional appropriation of funds for 504.”

South Eastern Economic Development Company of Pennsylvania is an affiliate of the Chester County Economic Development Council and has been the leading Certified Development Company for Pennsylvania for nine consecutive years. SeedCo is located at 737 Constitution Drive in Exton, PA, 610-458-5700 (p) [www.seedcopa.com](http://www.seedcopa.com).

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