



provident
Business Financial Services



LENDING FOR THE FUTURE

A SBA 504 CERTIFIED DEVELOPMENT COMPANY

Provident Business Financial Services provides economic development financing to small businesses by participating in the **SBA 504 debenture program**.

By providing second mortgage loans, the essence of this program is to issue

- Long-term
- Low down-payment
- Reasonably priced fixed-rate financing

These second mortgage loans are subordinated to conventional first mortgage loans from traditional lenders, stimulating the private sector investment in long-term fixed assets. Which, in turn, will increase productivity, create new jobs and increase the local tax base.

Helping to Preserve Cash Flow

With a longer repayment term and a fixed interest rate on the second mortgage debenture loan, principal and interest payments on overall project financing are better matched with the cash flow from fixed assets being financed. The low down payment enables the operating company to preserve

working capital for growth in receivables and inventory, making the business stronger and more likely to succeed.



SERVICES

Consulting Services

In the event our SBA 504 program is not the right financing vehicle for you, our experienced staff has the resources to put you in contact with other financing institutions or other government sponsored programs to assist you in meeting your financing needs.

Locating a Bank

If you do not have a current relationship with a bank, we can assist you in finding a bank that will work with you to help you meet your needs. We work with the majority of banks throughout South Carolina, so we already have the relationships established with the banking community.





PROVIDING LONG-TERM FUNDING FOR START-UP AND GROWTH

Typical SBA 504 Debenture Project



SOURCE

AMOUNT

Borrower's Equity	10%
Private Sector First Mortgage/Lien	50%
SBA 504 NET Debenture Proceeds	40%
Total Project Cost	100%

To help small businesses save on financing costs, a SBA 504 debenture is designed to work with private-sector lenders such as banks. Details of the program include:

- The SBA 504 debenture cannot exceed forty percent (40%) of the total project cost.
- The maximum amount of the debenture is \$1.5 million (manufacturing \$4 million maximum).
- The maximum term of the debenture secured by real estate is 20 years.
- The maximum term of the debenture secured by other fixed assets is 10 years.
- The 20-year debenture interest rate is based on the 10-year U. S. Treasury rate and the 10-year debenture interest rate is based on the 5-year U. S. Treasury rate.
- There is no limit to the amount of the private sector loan, the interest rate or the term of the loan.

- The SBA 504 debenture is subordinated to the private sector financing, enabling the borrower to obtain affordable long-term financing which otherwise may not be available.

Eligible

- Borrowers may be start-up or existing business enterprises.
- The business must be a for-profit enterprise with a tangible net worth of less than \$7 million and an average net income of not more than \$2.5 million for the past two years.
- Eligible use of the proceeds may include the purchase of major fixed assets such as land, buildings and long-term equipment, or for expanding, modernizing, renovating or restoring facilities.

Not Eligible: Proceeds for general working capital, accounts receivable, inventory, debt refinancing, vehicles and franchise fees.



For more in-depth information about our SBA 504 program, visit our website at www.providentbfs.com.

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