



**A Review of SBA's 504/CDC Loan Program**  
**June 29, 2017**

**AS PREPARED FOR DELIVERY**

Good morning. Thank you all for being with us today. I call this hearing to order.

While our economy is showing signs of improvement, access to capital continues to be a major challenge for small businesses, startups, and entrepreneurs.

Although we are working feverishly to roll back red tape, small businesses face an uncertain lending environment that is compounded due to their reliance on traditional bank borrowing to raise capital.

This committee is striving to create an environment where small businesses can expand and create jobs.

One program to bridge the funding gap that too often acts as a roadblock for small businesses is the SBA's 504/CDC Loan Program.

The 504/CDC Loan Program, which is the topic of the today's hearing, combines a partnership with community development companies, also known as CDCs.

The program is uniquely structured to offer credit worthy businesses an opportunity to access capital.

First, to be eligible to participate in the loan program, the borrower or small business must meet certain job creation or job retention requirements. However, if these requirements cannot be

achieved, the small business still has the ability to participate if community development or public policy goals are met, such as “improving, diversifying or stabilizing the local economy.”

Beyond the economic development requirements, the 504/CDC Loan Program offers a distinctive finance structure, where the private lender is responsible for 50 percent of the total cost of the project, the CDC is responsible for 40 percent and the small business borrower is responsible for 10 percent.

I look forward to hearing more about this program from our witness panel. What is working? What is not working? Where can there be improvements?

As we work to assist small businesses, it is important to hear from those who have on the ground experience with the program.

I appreciate all of the witnesses for being here today. I look forward to your testimony.

I now yield to Ranking Member Murphy for her opening remarks.