



New Jersey District Office

SBA New Jersey

Your Small Business Resource

Spike in 504 Loans; 1st Quarter Approvals up 120% in NJ

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For More Information:

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The U.S. Small Business Administration (SBA) reported a 120 percent increase in the number of 504 loan approvals to New Jersey small business owners during the agency’s first quarter of Fiscal Year 2006, the period from October 1, 2005 through December 31, 2005, compared to the first quarter of Fiscal Year 2005.

The SBA’s 504 loan program provides long-term, fixed rate financing to help small business owners purchase fixed assets, such as land, buildings, machinery and equipment, or to construct or renovate a building.

This program differs from the traditional SBA guaranteed bank loan as SBA shares the project costs with a private sector lender, who typically provides 50 percent or more of the financing and is granted a senior lien on the financed assets. SBA support is provided through a Certified Development Company (CDC) that lends up to 40 percent of the



Just Part of the Furniture---A recent spike in 504 lending in New Jersey is allowing small business owners like Salvatore Trupiano, president of Agostino Antiques of Red Bank, to lock into long-term fixed interest rate loans from the SBA. A 504 loan from the SBA, Synergy Bank, and the New Jersey Business Finance Corporation allowed Agostino Antiques to purchase and renovate an 11,000 square foot three-story commercial building in downtown Red Bank.

project cost, funded by a 100 percent SBA-guaranteed debenture secured by a junior lien on the assets. The small business borrower is required to fund at least 10 percent of the project. SBA’s 40 percent is capped at \$4 million for manufacturing concerns and \$1.5 to \$2 million for all other eligible small businesses.

In making the announcement, SBA New Jersey District Director James A. Kocsi said that the SBA approved twenty-two 504 loans for \$15.2 million during first quarter of Fiscal Year 2006 compared to ten 504 loans for \$4 million during the first quarter of Fiscal Year 2005. The current quarter reflects a 120 percent increase in loan approvals and a 275 percent increase in dollar

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This Bus Stops at Success

Kari Denton and her mom, Dawn McGarry are driving their way to success. It helps if you have a big lime green school bus to take you there. The mother-daughter team are owners of Fun Bus, Fitness FUN on Wheels, a concept they developed four and a half years ago that incorporates fitness and fun on wheels for children from ages 2-7.

Kari, a former elementary school teacher, and Dawn, a former mortgage broker, first purchased a daycare center in Somerset County in 1999. During that time they came up with the idea for Fun Bus. "Being in Day Care we realized that there wasn't a fitness program out there for children between the ages of 2-7," said Kari. "We then thought about making it mobile."

The first step was purchasing a used yellow school bus. The next step was rehabbing the bus. According to Kari, all the passenger seats are removed from the bus and then the bus is padded/carpeted and fully equipped so that children can safely exercise on the bus. The bus is then fitted with a generator underneath to provide heating and air conditioning without having the engine running. And finally, the outside of the bus is painted lime green and a colorful Fun Bus Logo is then painted on the sides and front of the bus.

After selling the daycare business in 2001, the Tinton Falls-based company was off and running. "When we started Fun Bus we thought that we could have a few buses and run the business on our own," said Kari. What they didn't count on was how receptive people would be to the concept.

"We would have the bus at someone's home for a birthday party and some relative from New York would ask us if we could bring the bus to their home," said Kari. "I realized then that it was impossible for two people to cover so much territory."

Kari and Dawn also realized that they were missing out on additional business, so they took the advice of their attorney and began to franchise Fun Bus. But in order to make it work, they needed help from the U.S. Small Business Administration (SBA).



Driving their Way to Success---Kari Denton (left) and her mom, Dawn McGarry (right) are the owners of Fun Bus, fitness FUN on wheels a concept they developed four and a half years ago. A \$50,000 **SBAExpress** loan from Unity Bank allowed the mother-daughter team to sell Fun Bus franchises. Today, Fun Bus can be found in five states. Eventually, Kari and Dawn hope to expand into all 50 states.

Through Unity Bank, Kari and Dawn received a \$50,000 **SBAExpress** Loan. The loan helped the mother-daughter team grow the business and helped with expenses for marketing materials, travel, seminars, updating the firm's Web site, and producing a training video for new franchisees.

According to SBA New Jersey District Director James A. Kocsi, the **SBAExpress** Loan is designed to get capital in the hands of a small business owner within 36 hours after a lender receives an SBA Express loan application. The maximum limit a small business owner can borrow under the **SBAExpress** Loan Program is \$350,000. In the New Jersey District Office, **SBAExpress** loans account for 73 percent of the loan approvals the office makes.

"The **SBAExpress** Loan from Unity Bank helped us take this business to the next level," said Dawn. "SBA helped us promote the concept of a mobile children's fitness program."

As a result of the SBA loan, Kari and Dawn have sold 15 franchises in New Jersey, New York, Florida, Colorado and Illinois. "Our goal is to sell a bus per month," said Kari. "People who buy into the franchise love it, because it is a turnkey operation. We provide them support and guidance. An owner can make anywhere from \$80,000 to \$125,000 a year working for 22-28 hours a week."

Operators market the Fun Bus to day care centers,

elementary schools, home birthday parties, and special events. Kari and Dawn have also developed a fitness program for franchisees to follow.

They even have developed tiered party packages that include a goody bag for parties that contains a Fun Bus T-shirt, coloring book, crayons, crazy straw, a cup, and a piñata that is shaped like a bus.

The mother-daughter team exhibits at franchise shows and advertises in franchise magazines as a way to attract new franchisees. "Ultimately, we would like to have a bus in every state," said Kari. "The next step is to concentrate on Connecticut and Pennsylvania and see if we can sell some franchise in those states."

In the meantime, the big lime green bus keeps on rolling. And in case you are wondering, Kari and Dawn are the ones that are driving it to success.

Additional Information about Fun Bus can be obtained by visiting the firm's Web site at www.funbuses.com.

Additional information on SBA programs and services may be obtained by visiting the agency's Web site at www.sba.gov/nj or by calling the SBA New Jersey District Office at 973-645-2434.

SBA's NJ Top Lenders in FY 2006

(For the Period of October 1, 2005 through December 31, 2005)

Lender	# of Loans	\$Amount
1) Bank of America	149	\$ 5.0 Million
2) PNC Bank	100	\$15.7 Million
3) Commerce Bank	66	\$27.2 Million
4) Valley National Bank	44	\$ 6.4 Million
5) Broadway National Bank	33	\$ 11.9 Million
6) Capital One Bank	30	\$ 1.2 Million
7) HSBC Bank USA	29	\$ 1.6 Million
8) Citizens Bank of Rhode Island	25	\$ 1.8 Million
9) JPMorgan Chase Bank	23	\$ 1.1 Million
10) NJ Business Finance Corporation	19	\$ 13.4 Million

Spike in 504 Loans in NJ

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volume over the first quarter of the prior year.

Kocsi said that he was pleased with the spike in activity in 504 loan approvals during the first quarter as his office has been aggressively promoting the program. He also attributes the increase to small business owners looking to lock into a fixed interest rate on larger loans. "Over the past 18 months we have seen steady increases in the prime interest rate," said Kocsi. "In this environment, it makes sense for small business owners to obtain fixed rate financing as opposed to a floating interest rate loan."

According to Kocsi, the average size of a 504 loan in New Jersey during the first quarter of Fiscal Year 2006 was \$682,000. "We're financing projects that generate jobs, and that is a key objective of this loan program," said Kocsi. "Small businesses must create or retain one job for every \$50,000 provided by the SBA. The only exception is for manufacturing loans, which must create or retain one job for every \$100,000 provided by the SBA. This year we have financed a mix of projects

through the 504 loan program. Examples include: health care facilities, manufacturing facilities, warehouses, restaurant/catering businesses, a sign company and a moving company."

Kocsi also credited the two CDCs in New Jersey that provide SBA 504 loans with the upswing in loans. "The New Jersey Business Finance Corporation and the Corporation for Business Assistance in New Jersey have done an outstanding job in finding small business owners who need long-term fixed asset financing," said Kocsi. "Both Certified Development Companies, as well as our lending partners, are vital to the success of this program. With their help, this loan

program will continue to grow and provide increased employment opportunities in our state."

Overall, the SBA New Jersey District Office approved 749 loans for \$144 million during the first quarter.

According to Kocsi, 345 loans went to minority small business owners throughout the state. Of the 345 loans, African-American small business owners received 45 loans for \$6.2 million; Asian-American small business owners received 214 loans for \$45.6 million; Hispanic-American small business owners received 75 loans for \$11.2 million; an additional 11 loans for \$1.1 million went to other minority small business owners; and New Jersey women business owners received a total of 193 loans for \$39.3 million.

UPCOMING EVENTS

**Small Business Assistance Forum
with New Jersey Govt. Agencies**
Wednesday, February 8, 2006

6:00 p.m. – 8:00 p.m.

Clarion Hotel

2055 Lincoln Highway (Route 27)

Edison, NJ 08817

Fee: None

For Information: (609) 633-8208

**Financial and Technical Assistance for
Small Business**

Thursday, February 9, 2006

6:30 p.m. – 9:30 p.m.

Jewish Community Center

Margate, NJ 08402

Fee: None

For Information: (609) 347-2174

Starting and Managing your own Business

Tuesday, February 21, 2006

9:00 a.m. – 2:30 p.m.

SBA Office – Two Gateway Center – 15th Fl.

Newark, NJ 07102

Fee: \$30 (Includes Book)

For Information: (973) 645-2434

**Building and Financing Your Business
with the SBA**

Thursday, February 23, 2006

4:00 p.m. – 6:00 p.m.

Ciarco Learning Center

355 Main Street

Hackensack, NJ 07601

Fee: None

For information: (201) 489-8670

Building a Business Web site

Thursday, February 23, 2006

10:00 a.m. – 1:00 p.m.

Gloucester County Career Center

215 Crown Point Road

Thorofare, NJ

Fee: None

For Information: (609) 581-2220

**8(a) Minority Enterprise Contracting
Workshop**

Thursday, March 2, 2006

9:30 a.m. – 11:30 a.m.

SBA Office – Two Gateway Center – 15th Fl.

Newark, NJ 07102

Fee: None

For Information: (973) 645-4651

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SBA at your Desk!

On-Line Conference Call Workshop Now Available

The U.S. Small Business Administration (SBA) New Jersey District Office just made it easier for entrepreneurs interested in learning how to apply for an SBA loan.

The SBA has combined conference calling with computer technology, which allows small business owners to listen to the workshop over the telephone and to follow the course material over their computer.

The one-hour course gives participants an overview of all SBA loan programs, as well as insight on what goes into a good loan proposal, and how to increase your chances of receiving an SBA loan.

Upcoming dates for the course include: Tuesday, February 7, 2006, Tuesday, February 21, 2006, Tuesday, March 7, 2006, and Tuesday, March 21, 2006. The course runs from 12 Noon to 1:00 p.m.

To log in from your computer:

1. Log on to www.readytalk.com
2. Enter Participant Code: 3029901
3. Enter Participant Registration and join conference

To dial in from your telephone:

1. Dial toll free 1-866-740-1260
2. Enter Access Code: 3029901
3. Join Conference

A test of your browser and network connections is recommended prior to the conference. To perform the test, go to <http://test.callinfo.com>

To pre-register, log on to www.sba.gov/nj and click on *Register Now for Online Seminar*.



Save the Date



A Small Business Week Celebration

Friday, April 28, 2006

9th Annual New Jersey Small Business Conference

8 a.m. to 3 p.m., New Brunswick Hyatt

The 9th Annual New Jersey Small Business Conference co-hosted by the State Chamber and the U.S. Small Business Administration (SBA) features workshops on key topics, over 40 exhibitors, speeches by experts and valuable networking opportunities. The SBA also presents awards to its annual New Jersey Small Business Persons of the Year honorees during the conference. The event is attended by over 500 entrepreneurs seeking information on how to manage and operate their small businesses. This is the state's premier small business conference and you do not want to miss this event.

For Information Call: (609) 989-7888