

Per Scholas

Bronx, New York

Creative 504 solution

supports Bronx not-for-profit



Per Scholas is in the business of transformation. It turns discarded computer equipment into working machines, unskilled workers into computer technicians and low-income South Bronx residents into computer owners. And the equipment it can't fix, it recycles.

The not-for-profit organization's work is economic development on many levels – job training, community development and more. In 2006 alone, it trained more than 265 new technicians, reconditioned and provided 5,000 computers to low-income families and recycled 150,000 units of computer equipment too far gone for repair.

When Plinio Ayala, Per Scholas' president and CEO, reached out to NYBDC to finance the purchase of a building, it seemed like a great fit with NYBDC's economic development mission. Yet there was one problem: The U.S. Small Business Administration (SBA) does not allow direct loans to not-for-profits.

NYBDC senior vice presidents Nancy Reinhart and Chet Sadowski put their heads together and came up with a creative plan. Although regulations prohibit the SBA from guaranteeing loans to not-for-profit entities, assumption of existing loans is permitted. And the owner of the building that Per Scholas wanted to buy just happened to have one. NYBDC could arrange for Per Scholas to assume the \$916,000 outstanding balance on the seller's SBA 504 loan. To Ayala, this creativity was "amazing." It made the deal possible.

The Park Avenue Bank agreed to participate with NYBDC in the first mortgage of \$1.2 million, which included funds made available to NYBDC for small business lending by the New York State Common Retirement Fund. The first mortgage commitment and the assumption of the existing SBA 504 loan provided an affordable financing package to enable Per Scholas to purchase a 40,000-square-foot facility, resulting in the creation of 10 new jobs and the retention of 50 full-time and 60 part-time positions.

From soup to nuts, it's been outstanding. We presented what we needed, NYBDC secured the financing and the closing was smooth. "

**– Plinio Ayala
President and CEO
Per Scholas**

"Besides my family, Per Scholas is the best thing that ever happened to me. Now that I am working, I can offer a lot more to my family, including stability."

– Marecello Roman, Per Scholas Computer Technician Training Program Graduate



Chet Sadowski, NYBDC; Plinio Ayala, Per Scholas;
Susan Monaco, The Park Avenue Bank (left to right) at Per Scholas