

Part 2A of Form ADV: *Firm Brochure*

504 Fund Advisors, LLC

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March 11, 2015

This brochure provides information about the qualifications and business practices of 504 Fund Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (440) 829-8413 or jblanchard@504fa.com or dpelos@504fa.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about 504 Fund Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 169663.

Item 2. Material Changes

This is the first update since the initial filing of this Brochure on December 23, 2014.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Brochure provides you with a summary of 504 Fund Advisors, LLC advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. The disclosure in this Item 2 is used to provide our clients with summary of new and/or updated information in the Brochure. We will inform you of the revision(s) based on the nature of the information as follows:

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end ("FYE") of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item 2.

2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item 2). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to contact us, and how we do business.

Since the initial filing of this brochure on December 23, 2014, the following material changes have been incorporated into the brochure:

The Board of Trustees of our client, The 504 Fund has approved the advisory agreement between us and The 504 Fund. Effective March 1, 2015, 504 Fund Advisors, LLC is the investment adviser to The 504 Fund. Details related to assets under management will be found in this document.

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Item 4. Advisory Business

504 Fund Advisors, LLC (the “Advisor”) is a SEC-registered investment adviser with its principal place of business located in Wilmington, NC. The Advisor assumed management of The 504 Fund (the “Fund”) upon approval by the Fund’s Trustees of the investment management contract. The contract was approved on February 18, 2015 and became effective on March 1, 2015.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company), or individuals who exert management control over the Advisor:

1. Live Oak Bancshares, Inc. (Member controlling more than 90% of the Advisor)
2. James S. Mahan, III (Manager of the Advisor)
3. William L. Williams, III (Manager of the Advisor)
4. David G. Lucht (Manager of the Advisor)

MUTUAL FUND PORTFOLIO MANAGEMENT

504 Fund Advisors, LLC (the “Advisor”) provides discretionary portfolio management services to The 504 Fund (the “Fund”), a non-diversified, closed-end fund that is registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 that operates as an “interval fund.” The Fund has been in operation since 12/16/2013.

The Fund’s portfolio will be composed primarily of new production Small Business Administration (“SBA”) 504 first lien loans. Investments could also be made in US Government and US Government agency securities and repurchase agreements.

Fund investments are managed in accordance the Fund’s investment objective, strategies and restrictions as set forth in the Fund’s prospectus and are not tailored to the individualized needs of any particular investor in the Fund. There can be no assurance that the investment objectives of the Fund will be achieved and investment results may vary substantially.

504 Fund Advisors, LLC receives an advisory fee according to the fee schedules listed in the Fund's prospectus. Prospective investors should refer to the Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. A prospectus is also available from the SEC's website.

Prior to making any investment in the Fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Fund.

AMOUNT OF MANAGED ASSETS

As of March 1, 2015, we managed \$40.2 million in assets on a discretionary basis. As of such date, we did not manage any assets on a non-discretionary basis.

Item 5. FEES AND COMPENSATION

BILLING TERMS

For all of the services rendered with respect to the Fund, the Fund will pay to the Advisor a fee at an annual rate of 1.75% charged as a percentage of Current Net Assets. This fee could be waived in all, or partially in order to maintain overall expenses at an amount no greater than 1.75% of the Current Net Assets of the Fund. Such fee will be accrued by the Fund daily and will be payable monthly in arrears, within fifteen business days after the last day of each month. If fees begin to accrue with respect to the Fund during the middle of a month, all fees for the period from that date to the end of the month will be prorated according to the proportion that the period bears to the full month. For purposes of computing the amount of advisory fee accrued for any day, "Current Net Assets" will mean the Fund's net assets as of the most recent preceding day for which the Fund's net assets were computed.

Investors in the Fund bear their proportionate share of the Fund's fees and expenses, including their pro rata share of the advisory fees.

GENERAL INFORMATION

Termination of the Advisory Relationship: The Investment Advisory Agreement may be terminated by the Fund at any time without payment of any penalty, by the Board, or by vote of a majority of the outstanding voting securities of the Fund, upon sixty (60) days' written notice to the Adviser, and by the Adviser upon sixty (60) days' written notice to the Fund. In the case of termination of the Investment Advisory Agreement with respect to the Fund during any month, all fees accrued from the beginning of that month to, but excluding, the date of termination, will be prorated according to that proportion that the period bears to the full month and will be paid promptly following such termination.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6. Performance-Based Fees and Side-By-Side Management

504 Fund Advisors, LLC does not charge performance-based fees, which are fees based on a share of capital gains or capital appreciation of client assets.

Item 7. Types of Clients

504 Fund Advisors, LLC's only client is the Fund.

The minimum investment required by the Fund is described in the Fund's prospectus.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Fund's investment objectives are to provide current income, consistent with preservation of capital, and to enable Fund investors to claim favorable regulatory consideration of their investment under the Community Reinvestment Act of 1997.

Fund proceeds will be used to purchase SBA 504 first lien loans, or interests therein, that we believe meet traditional bank underwriting guidelines.

The Advisor plans to allow investment in loans for a defined group of property types, including:

- Multi-purpose
 - Warehouse, retail, industrial, medical, R&D, etc.
- Hospitality
 - Restricted to franchises of major companies
 - No independent hotel/motel properties will be allowed
- Other special purpose
- Auto repair, restaurants (other allowable special purpose properties to be noted in the formal loan policy manual)

The Fund will exclude investment in loans for certain property types, including:

- Gas station, assisted living, properties with underground storage tanks (other excluded properties to be documented in the formal loan policy manual)

A comprehensive loan policy manual has been created, based on the Advisor's significant experience in the SBA 504 market. 504 Fund Advisors, LLC will perform its own credit and investment analysis of borrowers in SBA 504 first lien loans. The Advisor will take into consideration, among other things, the borrower's financial resources and operating history, its sensitivity to economic conditions and trends, the ability of its management, and anticipated cash flow, interest, asset coverage and earnings prospects. The Fund expects to follow the general lending guidelines used by the SBA. Because the SBA must directly approve each second lien request, the underwriting parameters for the

Fund can never be more lenient than the SBA's underwriting requirements.

Although the Fund expects to most frequently acquire entire loans by entering into an assignment agreement whereby the Fund effectively purchases the loan, the Fund could also use other options to purchase first lien loans, including:

- Table funding
- Co-originations with selling/referring lender of less than 100%
- Participations

These purchase options are more fully described in the Fund's Prospectus.

Securities Eligible for Investment

The Fund could also invest in corporate and U.S. Government and US Government Agency debt securities. Debt securities are used by issuers to borrow money. The issuer usually pays a variable, floating or fixed rate of interest, and must repay the amount borrowed, usually at the maturity of the security. The market value of such securities will fluctuate in response to interest rates and the creditworthiness of the issuer. Corporate debt securities include, but are not limited to, debt obligations of public and private corporations. U.S. Government debt securities include direct obligations of the U.S. Government and obligations issued by U.S. Government agencies and instrumentalities. Although certain securities issued by the U.S. Government, its agencies or instrumentalities are backed by the full faith and credit of the U.S. Government, others are supported only by the credit of that agency or instrumentality.

There is no guarantee that the U.S. Government will provide support to such agencies or instrumentalities and such securities could involve risk of loss of principal and interest. In addition, a security backed by the U.S. Treasury or the full faith and credit of the U.S. Government is guaranteed only as to the timely payment of interest and principal when held to maturity. The current market prices for such securities are not guaranteed and will fluctuate.

Credit Risk

The Fund's investments in debt securities are subject to credit risk. An issuer's credit quality depends on its ability to pay interest on and repay its debt and other obligations. Defaulted securities or those expected to default are subject to additional risks in that the securities may become subject to a plan or reorganization that can diminish or eliminate their value. The credit risk of a

security could also depend on the credit quality of any bank or financial institution that provides credit enhancement for the security.

Interest Rate Risk

The Fund's investments in debt securities are subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk usually decrease in value when interest rates rise and increase in value when interest rates decline. Also, debt securities with longer maturities typically experience a more pronounced change in value when interest rates change.

Prospective investors should be aware that the purchase of Fund interests involve significant risk. The success of the Fund will depend entirely on the skill and expertise 504 Fund Advisors, LLC and the performance of its investment strategy. There can be no assurance that the Fund will achieve its investment objectives. Prospective investors must consider the risk factors set forth in the Fund's Prospectus and SAI.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Our firm is a subsidiary of Live Oak Bancshares, Inc., a Federal Reserve regulated bank holding company. Live Oak Bancshares' additional subsidiaries are Live Oak Banking Company, a North Carolina ("NC") commercial bank regulated by the FDIC and the NC Commissioner of Banks. The bank is wholly-owned. The three managers of 504 Fund Advisors, LLC are key executives of Live Oak Bancshares.

Live Oak Bancshares also owns less than 50% of a company called nCino, LLC, which vends a bank operating system. The nCino system will be used to handle loan documentation for the loans in the Fund in accordance with the

terms of a service provider relationship between 504 Fund Advisors, LLC and nCino.

Live Oak Bancshares also owns 100% interest in Government Loan Solutions (“GLS”). GLS provides specialized third-party pricing and consulting services to financial institutions. Specifically, the pricing service provides valuation information for SBA pooled securities, individual SBA loans and USDA loans. Robert Judge and Jordan Blanchard, both portfolio managers for the Fund, are also employees of GLS. GLS also provides pricing services to companies who need collateral valuation services.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

We have adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 of the Investment Advisers Act and Rule 17j-1 of the Investment Company Act which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

504 Fund Advisors, LLC and our personnel owe a duty of loyalty, fairness and good faith toward our clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm’s supervised persons. Among other things, our Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement and recordkeeping provisions.

The Code further includes the firm’s policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information is not to be used in a personal or professional capacity.

504 Fund Advisors, LLC and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

Our Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of our advisory client and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and individuals associated with our firm could buy or sell for their personal accounts securities identical to or different from those recommended to our client. In addition, any related person could have an interest or position in a certain security, which may also be recommended to our client.

In order to prevent employees benefiting from transactions placed on behalf of our client, it is the expressed policy of our firm that no person employed by us can purchase or sell any security within two (2) business days before or after any client trades in that security unless:

1. the employee's transaction occurs in an account over which the employee does not have direct or indirect influence or control;
2. the employee has complied with the Code regarding prior written approval of a transaction by the firm's compliance officers; or,

As these situations represent actual or potential conflicts of interest to our client, we have established the following policies and procedures for implementing the Code, to ensure our firm complies with its regulatory obligations and provides our client with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm will put his or her own interest above the interest of our advisory client.
2. No principal or employee of our firm will buy or sell securities for his personal portfolio when his decision is a result of information received as a result of his employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.

4. We have established procedures for the maintenance of all required books and records.

5. Clients can decline to implement any advice rendered, except when our firm is granted discretionary authority.

6. All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

7. We require delivery and acknowledgment of the Code by each supervised person of our firm.

8. We have established policies requiring the reporting of Code violations to our senior management.

9. Any individual who violates any of the above restrictions could be subject to termination of employment.

A copy of our Code is available to our advisory client and prospective clients. You may request a copy by calling us at (440) 829-8413.

Item 12. Brokerage Practices

Our objective in selecting brokers and in effecting portfolio securities transactions is to seek the best combination of price and execution with respect to our portfolio transactions over time. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other factors are considered as they are deemed relevant. In applying these factors, we recognize that different brokers have varying execution capabilities with respect to certain types of securities. In determining whether a particular broker is likely to provide best execution, we will take into account the factors that we deem relevant, including, by way of illustration:

- price;
- the size of the transaction;
- the nature of the market for the security and the timing and impact of the trades on such market;
- the amount of the commission or size of the spread;
- the ability to fulfill the order in a timely manner;
- available algorithms, technical capabilities, programming flexibility, and borrowing abilities;

- the broker-dealer's clearance and settlement capabilities;
- the broker-dealer's trade error rate and ability or willingness to correct errors;
- the timing of the transaction, taking into account market prices and trends;
- the reputation, experience and financial stability of the broker-dealer; and
- the quality of service rendered by the broker-dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a higher commission rate might be appropriate if the difference in cost is reasonably justified by the quality of the service offered.

We believe that paying fair and reasonable commissions to broker-dealers in return for quality execution services benefits clients. Moreover, transactions that involve specialized services on the part of the broker-dealer will usually result in higher commissions or other compensation to the broker-dealer than would be the case with transactions requiring more routine services.

Research and Other Soft Dollar Benefits

We do not currently receive research or any other soft dollar benefits from broker-dealers. If we decide to enter into soft dollar arrangements, such arrangements would be consistent with the safe harbor provided by Section 28(e).

Directed Brokerage

504 Fund Advisors, LLC requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our client for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients could change/amend these limitations as required. Such amendments must be provided to us in writing.

Trade Aggregation and Allocation

As the Advisor has one client, block trading is not operationally possible as it combines orders for multiple clients into one, large order. Should we acquire more clients who invest in the same securities, we will institute block trading.

Block trading would allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

Item 13. Review of Accounts

REVIEWS: 504 Fund Advisors, LLC continually reviews and monitors the holdings of the Fund in order to ensure that the portfolio complies with the investment objectives as detailed in the Fund's prospectus.

The timing and nature of account reviews for the Funds are further dictated by regulatory requirements including but not limited to the 1940 Act, the Internal Revenue Code, and the Fund's prospectus limitations and internal guidelines.

REPORTS: Reports are provided to the Fund's Board of Trustees at least four times each calendar year. Shareholder reports are issued in accordance with the Fund's prospectus.

Item 14. Client Referrals and Other Compensation

CLIENT REFERRALS

It is 504 Fund Advisors, LLC policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

OTHER COMPENSATION

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our client.

Item 15. Custody

Our firm does not and will not have actual or constructive custody of client accounts.

In accordance with Section 17(f) of the Investment Company Act of 1940, the Fund has entered into a custody agreement with UMB, pursuant to which UMB Bank N.A. will serve as custodian of the assets of the Fund.

Item 16 Investment Discretion

We do not anticipate being hired by any other clients to manage assets.

With respect to our discretionary authority for the Fund, that authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Our client gives us discretionary authority when they sign a discretionary agreement with our firm, and would limit this authority by giving us written instructions. Our client could also change/amend such limitations by once again providing us with written instructions.

Item 17. Voting Client Securities

The Fund does not hold securities that issue proxies. In the event that the asset classes used in the Fund should change, or that the Advisor enters into an investment advisory contract with other clients, it is expected that our proxy voting policy would be as follows.

504 Fund Advisors, LLC could vote proxies if directed to do so by clients. Such a direction would be established during execution of the initial investment advisory contract, or a subsequent letter of direction from a client.

When we are directed to vote proxies, we will vote proxies in the best interests of our clients and in accordance with our established policies and procedures.

Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to

making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies.

Clients could obtain a copy of our complete proxy voting policies and procedures by contacting 504 Fund Advisors, LLC by telephone, email or in writing. Clients may request, in writing, information on how proxies for shares in such client's account were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for such client's account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients could direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

As an advisory firm that maintains discretionary authority for client accounts or is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. 504 Fund Advisors, LLC has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a balance sheet with this Brochure.

504 Fund Advisors, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.