



NWBDA
NORTHWEST BUSINESS DEVELOPMENT ASSOCIATION

June 2018
Issue 13

Newsletter

SBA 504 Loans - Appraisal Guideline Clarifications

Although the OCC, Board, and FDIC recently published a final rule that increased the appraisal threshold from \$250,000 to \$500,000, the Small Business Act continues to state that SBA shall require appraisals for all projects with a value over \$250,000. Please note: there are plans to request a legislative update to match Federal Regulator limits.

SBA now requires the appraisal to include the U.S. Small Business Administration as an authorized user of the report. Please be sure this is included in your appraisal engagement letter.

PLEASE NOTE: Value must be based on Fee Simple (not Leased Fee)



Appraisal Reminders:

If building improvements are involved with a project, please provide the contractor's bid to the appraiser, and have the appraiser provide the market value on an as-is basis for land only, the market value on an as-is basis for land & building, and the market value of land & building at the completion of improvements.

The appraiser must use at least 2 of the 3 appraisal methods (cost, sales, and income approaches). If the appraiser does not include all three approaches, the appraiser must include in the report why the other approach was not used. If cost approach is not used in the report, the appraiser must state fair market value of land.

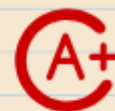
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SBA 504 Effective Rates for June 2018

25-year - 5.67% / 5.72% Refi

20-year - 5.32% / 5.37% Refi

10-year - 5.30% / 5.36% Refi



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Serving Washington, Idaho and Oregon

If the project involves improvements that will be equal to or greater than 1/3 of the cost of the land & building, then please instruct the appraiser to complete a Post-Construction Certification form once the construction is finished.

SBA requires a real estate appraisal if the estimated value of the Project Property is greater than \$250,000 or \$250,000 or less if such appraisal is necessary for appropriate evaluation of creditworthiness.

The appraiser must be independent and have no appearance of a conflict of interest and either State-licensed or State-certified with the following exception: when the Project Property's estimated value is over \$1,000,000, the appraiser must be State-certified.

The appraisal report must be prepared in compliance with Uniform Standards of Professional Appraisal Practice (USPAP) and use either a self-contained appraisal report or a summary appraisal report.

To comply with SOP requirements, it is recommended that the appraiser be provided a copy of the title report so that the appraiser can consider the impact that covenants and other restrictions recorded against the collateral has on its value and marketability.



Watch for updates in subsequent newsletters!

Congratulations to Oregon Small Business Award Winners

Oregon Small Business Person of the Year

Matthew Higgins

Coava Coffee Roasters in Portland, OR

Oregon Young Entrepreneur of the Year

Molly Deis

Tracker's Earth in Portland, OR



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NWBDA
NORTHWEST BUSINESS DEVELOPMENT ASSOCIATION

In the month of
May, NWBDA helped
create **67 new jobs** in the
local communities!

Did you know?

**The US ranks as only the
42nd most entrepreneurial
country.**

**Uganda has the most
entrepreneurs (per capita).**

May's Loan Approvals

NWBDA approved **5** new
projects for the total amount
of **\$5,716,350.00**

May's Loan Fundings

NWBDA funded **5** new
projects for the total amount
of **\$7,161,663.95**

Achieving BIG Dreams for SMALL Businesses