

# Newsletter

## Guaranty Fee Change for the SBA 504 Loan Program is Better for Borrowers

### SBA 504 Effective Rates for September 2018

25-year - 5.29% / 5.34% Refi ~ 20-year - 5.25% / 5.30% Refi ~ 10-year - 5.25% / 5.33% Refi

The new SBA Guaranty Fee Structure effective October 1, 2018 is **beneficial** for the borrower! SBA will restructure their guaranty fees on SBA 504 loans approved on or after October 1, 2018. The upfront guaranty fee will increase by .5%. This fee is financed in the gross debenture and is not a cash expense for the borrower.

%

However, the on-going guaranty fee that is included in the fixed monthly interest rate will **DECREASE** by .274%. This means the interest rate would be 5.02% based on September's rate instead of 5.29%.

On a \$1,000,000 loan, the upfront guaranty fee will be \$2,000 (or .5%). But, the on-going guaranty fee will **DECREASE** by .274% which will reduce the borrower's effective interest rate.



At today's interest rate (5.29%) the loan payments would be roughly \$68,402 per year (based on 25 year term). The loan payments at the lower on-going fee (5.02%) would be \$67,758.

### **This is a savings of \$643 per year!**

The borrower will recoup the upfront guaranty fee in roughly 3 years, taking advantage of the savings in interest over the remaining life of the loan.



### **DID YOU KNOW?**

SBA 504 loan program fees are generally lower than 7(a) loan program fees!

Contact your local NW Business Development Officer for more details or go to our website at [www.nwbusiness.org](http://www.nwbusiness.org).

*Serving Washington, Idaho, Oregon and Alaska*

**National Small Business Week  
Awards - 2019  
Submit Your Nominations Today**

The U.S. Small Business Administration is now accepting nominations in all categories for its 2019 National and District Small Business Week Awards, including the annual Small Business Person of the Year.

“This is a great opportunity to recognize those small businesses that have contributed significantly to their local communities, developed creative products or made advances with innovative technologies,” SBA Administrator Linda McMahon said.

**Submit your Nominations at:**  
<https://goo.gl/E4T6NL>

**August's Loan Fundings**

NWBDA funded **5** new projects for the total amount of **\$6,771,988.88**

**August's Loan Approvals**

NWBDA approved **9** new projects for the total amount of **\$22,963,673.00**

In the month of August, NWBDA helped **create 49 new jobs** in the local communities

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