

Newsletter

SBA 504 Program

504 Authorization Cap

SBA 504 Effective Rates for September 2021

25-year - 2.98% / 3.02% Refi ~ 20-year - 2.86% / 2.90% Refi ~ 10-year - 2.69% / 2.74% Refi

The U.S. Small Business Administration (SBA) has announced that the regular 504 Loan Program, including 504 Debt Refi WITH Expansion, has reached its congressionally authorized approval cap of \$7.5 billion for the fiscal year (through September 30, 2021). Which means that the program has exhausted all funds for projects involving:

- New acquisition of real estate and/or equipment;
- Debt refinance with expansion.

However, there are still PLENTY of funds available for projects involving the Debt Refinance WITHOUT Expansion program since it operates with a separate \$7.5 billion authorization cap. SBA will continue processing and approving 504 Debt Refinance Without Expansion applications without interruption.

But don't despair!

The NWBDA team is still working on projects in process, and more are coming in the door. We will still get your loan reviewed internally and sent to SBA as soon as possible. So don't stop sending them or exploring this program as an excellent opportunity for small business borrowers.

What does this mean for you?

If you have a loan that is currently at SBA, it will STILL be reviewed by the SBA staff. Yes, they are still working! As SBA makes decisions on loans, the loan will go into a queue as "approved pending funding". That means SBA cannot issue Authorizations until funds become available, but on 10/1/2021, the bucket of money will replenish to \$7.5 billion, and those loans in the queue will be approved.

So, why is the glass half full?

So...while the program has officially depleted the authorized funds for fiscal year 2021 (the bad news), the good news is that program fees for fiscal year 2022 are going down.

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FY2022 SBA Fees

- The annual service fee (which is part of the effective rate) will be 0.2475% (down from the current rate of 0.4517%).
- The addition to the annual service fee for debt refi without expansion will be 0.0115% (down from the current rate of 0.0348%). This is added to the above annual service to reflect a total annual service fee for debt refi w/o expansion of 0.259%.

This is actually good news for small business owners because it means that the program will actually cost LESS for borrowers who get their loan approved on or after October 1, 2021.

We are also working with our congressional representatives and senators to increase the authorization cap moving forward so that this doesn't happen again.

That being said, this has been a record-setting year for the SBA 504 Loan Program and for NWBDA. As your CDC partner, NWBDA is tirelessly working to support economic recovery in local communities across Washington, Oregon and Idaho, by providing small businesses and entrepreneurs with long term, fixed rate capital to rebuild and grow. Our work continues and we're not slowing down!

Thank you to all of our lending partners who have partnered with us and helped our local small business owners and businesses.

We couldn't do it without you!

Please reach out to your Business Loan Officer with any questions.

August's Loan Fundings

NWBDA funded **4** new projects for the total amount of **\$3,645,500.00**

August's Loan Approvals

NWBDA approved **11** new projects for the total amount of **\$30,361,658.00**

In the month of August, NWBDA helped **create 10 new jobs** in the local communities

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