

Newsletter

Alternate Size Standards

SBA 504 Effective Rates for February 2024

25-year - 6.29% / 6.31% Refi ~ 20-year - 6.37% / 6.40% Refi ~ 10-year - 6.60% / 6.64% Refi

The Small Business Administration (SBA) just published a new rule that will expand 504 Loan Program eligibility to more small businesses.

On February 15, 2024, the SBA published a Final Rule in the Federal Register, making the **Alternative Size Standard** permanent for the 504 Program and adjusting it for inflation. The updated thresholds are:

- Tangible Net Worth not more than \$20 million (up from \$15 million); **and**
- Average Net Income (after Federal Income Taxes, for the two full fiscal years before the SBA application date) not more than \$6.5 million (up from \$5 million)

Size standards define the largest size a business can be to participate in government small business programs, such as the 504 Loan Program. The Small Business Act mandated that the SBA establish an alternative size standard, using the maximum tangible net worth and average net income for the SBA's 504 Loan Program applicants.

The alternative size standard is the most common size standard used by NWBDA and other Certified Development Companies for 504 Loans. This adjustment for inflation will help maintain SBA financing assistance eligibility for as many small businesses as possible.

This Final Rule becomes effective on March 18, 2024.

This change reflects a 34.46% increase to account for inflation that has occurred since the interim alternative size standard was last adjusted in 2010. Additionally, the SBA will continue to monitor inflation and other economic indicators, as well as their impacts on size standards and then adjust as needed. The SBA will adjust the alternative size standard for inflation on the same five-year schedule that the agency currently uses for reviewing its monetary-based industry size standards in accordance with 13 CFR 121.102(c).

The National Association of Development Companies (NADCO) supports SBA's rule change and have long championed SBA making the alternative size standard permanent, adjusting the standard for inflation, and committing to regular adjustments as needed and every five years.

Once effective, this final rule will expand 504 program eligibility to more small businesses.

Serving Washington, Oregon, and Idaho

Apply to T.H.R.I.V.E.

If you're a small business owner or know one that is ready to expand their business, consider the SBA T.H.R.I.V.E. Program! This program offers small business owners the chance to gain MBA-level expertise, enhance leadership abilities, and forge connections within a supportive community of peers, advisors, and experts.

T.H.R.I.V.E. is designed to provide entrepreneurship, education, and training for executives of small businesses poised for growth. This intensive training series offers opportunities for small business owners to work closely with professional coaches and mentors, acquire essential skills needed to grow, and cultivate relationships with peers, local leaders, and the financial community.

Since its inception as E-200 in 2008, SBA's Emerging Leaders program has trained more than 8,000 small business owners, leading to the creation of more than 11,000 jobs, generating nearly \$1 billion in new financing, and securing over \$4 billion in government contracts.

One of the key features of SBA T.H.R.I.V.E. is the emphasis on in-person engagement. Collaborating and sharing ideas with fellow small business owners is central to the program, fostering an environment where participants can learn from each other's experiences. The curriculum includes Cohort Coaching Sessions and In-Person CEO Conversation Groups to facilitate this exchange.

The eight-module curriculum, led by subject matter experts, culminates in the creation of a tailored three-year strategic growth plan for each participant's business.

Apply here: <https://sbathrive.com/about>

February's Loan Fundings

NWBDA funded **7** new projects for a total amount of **\$35,183,364**

February's Loan Approvals

NWBDA approved **3** new projects for a total amount of **\$14,634,475**

In the month of February, NWBDA helped **create 74 new jobs** in its local communities

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