

Newsletter

Recent Changes to the SBA 504 Program

SBA 504 Effective Rates for May 2025

25-year - 6.39% / 6.42% Refi ~ 20-year - 6.41% / 6.44% Refi ~ 10-year - 6.20% / 6.24% Refi

On April 22, 2025, SBA released a notice announcing the release of the new Standard Operating Procedure (SOP) 50-10-8. **The new SOP will be effective June 1, 2025.** SOP 50-10-7.1 continues in effect for all loan applications that are issued an SBA loan number through May 31, 2025.

Below are some of the key changes outlined in the new SOP. Please note this is not an exhaustive list—additional updates are included in the full SOP. NWBDA is committed to ensuring a smooth transition and will make every effort to implement the new requirements with minimal disruption. For further details, please contact one of our Business Development Officers.

Ownership/Guarantor Changes:

- Now 100% of applicant business owners must be a U.S. Citizen, a Naturalized Citizen, a U.S. National or Lawful Permanent Residents—changed from 51%.
- Prior guidance on credit elsewhere has been added back, including a requirement that the CDC and SBA Lender must include a determination in its credit memo that some or all the requested loan is not available from the liquidity of 20% or greater owners and the Applicant itself.
- 6-month lookback language for personal guarantees has been added back.
- Removed waiver of PFS for supplemental guarantor – personal financial statements required for all guarantors.

Franchise Changes:

- Franchise guidance added back, including the return of the SBA Franchise Directory.

Passive Business Changes:

- Prior detailed narrative on ineligible business models added back, including clarity on passive businesses (including ghost kitchens, office suites, salons, etc.), gambling businesses, marijuana and hemp businesses, and prior loss/delinquent federal debt.

Other Secured Debt:

- “Other Secured Debt” must be current for 12 months – an increase from 6 months.

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Serving Washington, Oregon, and Idaho

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Insurance

- Hazard insurance waiver on loans of \$500,000 or less has been removed and replaced with prior guidance requiring hazard insurance on loans of \$50,000 or more.

Veteran Businesses:

- SBA will prioritize processing loans for veterans.

Energy Public Policy Goal:

- Re-implemented a cap of \$16.5 million in outstanding gross debentures for 504 Eligible Public Policy projects.

Environmental:

- Environmental Reports must now be dated within one year of loan approval.

Appraisal:

- Clarified existing guidance that an appraisal is required at application for any project involving a business acquisition / non-arm's-length change-of-ownership projects.
- Clarified existing guidance that for non-arm's-length change-of-ownership projects, the purchase price is limited to the lesser of as-is appraised value or the purchase price of the 504-eligible fixed assets – no appraisal shortfall allowed.

April's Loan Fundings

NWBDA funded **4** new projects for a total amount of **\$11,616,600**

April's Loan Approvals

NWBDA approved **5** new projects for a total amount of **\$11,166,000**

In the month of April, NWBDA helped
create 26 new jobs in its local communities

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