NWBDA
NORTHWEST BUSINESS DEVELOPMENT ASSOCIATION

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Issue 107

Newsletter

SBA 504 Environmental Reports and FY2027 504 Fees

SBA 504 Effective Rates for September 2026

25-year - 6.54% / 6.54% Refi ~ 20-year - 6.53% / 6.54% Refi ~ 10-year - 6.60% / 6.60% Refi
Rates for Manufacturers: 25-year - 6.30% ~ 20-year - 6.28% ~ 10-year - 6.30%

SBA 504 Environmental Reports: When They're Required and What to Expect

When purchasing or refinancing commercial real estate with an SBA 504 loan, an environmental report may be required as part of the due diligence process. SBA needs to identify potential environmental concerns with the property before the small business can get 504 funding.

When Is an Environmental Report Required?

The level of environmental review depends on factors such as the subject property's current and historical use.

If the project's NAICS code is on the environmentally sensitive industries list, a Phase I and reliance letter are required. If the project is not on that list, that doesn't necessarily mean "no environmental report." A lower-level environmental review may be appropriate depending on the property and circumstances. The review may consider previous businesses, nearby properties, underground or above-ground storage tanks, and other potential environmental risks.

Environmental requirements can vary from property to property, so it's important to discuss them with your Business Development Officer early in the loan process. Starting the process early can help identify potential concerns before they have a chance to impact the closing timeline.

What Can You Expect?

For many properties, the environmental review is relatively straightforward. However, if the investigation identifies a potential concern, additional testing, documentation, or further investigation may be required. Child Occupied Facilities prior to 1978 require additional environmental investigation. These steps help determine whether an issue exists and, if so, what needs to be done to address it before the project can move forward.

A gas station project will always require a Phase II environmental report, however the project MUST complete a Phase I first, with direction to complete a Phase II. A Phase II is an additional investigation; it isn't a replacement for the Phase I environmental assessment.

Environmental due diligence can also uncover concerns that may affect the property beyond the loan itself. Identifying those issues early gives buyers an opportunity to better understand the property and make informed decisions before committing to the buying or building.

Our Advice?

Start early and contact your NWBDA SBA 504 lending partner in your territory. Understanding the environmental requirements upfront can help prevent surprises, avoid unnecessary delays, and keep your SBA 504 project moving smoothly toward closing.

504 Fees Effective During Fiscal Year 2027

SBA has issued a notice announcing the fees for 504 Loans approved during FY2027, including the upfront guaranty fee and annual service fee. SBA annually sets these fees to cover the estimated subsidy costs of the 504 loan program.

The following fees are effective for 504 Loans approved October 1, 2026 through September 30, 2027:

IMPORTANT: For 504 loans to certain qualifying businesses, SBA is waiving **both** the upfront guaranty fee **and** the annual service fee; this includes loans made under 504 Debt Refinance **with** Expansion option **and** 504 Debt Refinance **without** Expansion program. This includes:

- **Manufacturers** – NAICS Codes 31, 32, 33
- **Food supply chain** – NAICS Codes 1111, 1112, 1113, 1121, 1122, 1123, 1124, 1125, 1129, 1141, 1151, 1152, 423820, 4244, 4245, 424910, 445110, 484220*, 484230*, 493120, 493130
  ** NAICS 484220 and 484230 are limited to refrigerated and frozen trucking, farm products, grain products, and livestock*
- **Businesses Located in a Rural Area**

Fiscal Year 2027 SBA 504 Fees

Loan Program	Upfront Guaranty Fee	Annual Service Fee	Change from FY2026
Regular 504 Loan Program*	0.50%	0.203%	**Upfront**: no change **Annual**: ↓ from 0.209%
504 Debt Refinance Without Expansion Loan Program	0.50%	0.204%	**Upfront**: no change **Annual**: ↓ from 0.2115%

**Includes 504 Debt Refinance with Expansion*

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August's Loan Fundings

NWBDA funded **1** new project for a total amount of **$863,500**

August's Loan Approvals

NWBDA approved **4** new projects for a total amount of **$19,783,682**

In the month of August, NWBDA helped **create 1 new job** in its local communities

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