



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1183

SUBJECT: Small Business Jobs Act of 2010:
Changes to the 504 Loan Program

EFFECTIVE: 10-25-2010

On September 27, 2010, President Obama signed the Small Business Jobs Act of 2010 (the “Small Business Jobs Act”) (Pub. L. 111-240).

The Small Business Jobs Act makes significant changes to the amounts that a small business may borrow through the 504 loan program, increasing the 504 loan limit from \$2 million to \$5 million or \$5.5 million, as described in the chart below. The purpose of this Notice is to provide a description of the changes along with a chart to explain how these changes affect the SBA 504 programs.

Loan Limit Changes in the 504 Loan Program

The maximum loan amounts under the 504 Program have been permanently modified as follows:

504 Loan Limitations			
	Before	As a result of the Small Business Jobs Act	Small Business Investment Act Reference
Maximum Loan Amount (generic 504)	\$1,500,000	\$5,000,000	§502(2)(A)
Maximum Loan Amount <i>if a public policy goal</i>	\$2,000,000	\$5,000,000	§502(2)(A)
Maximum Loan Amount <i>if a small manufacturer</i>	\$4,000,000	\$5,500,000	§502(2)(A)
Maximum Loan Amount <i>if at least 10% reduction in borrower's energy consumption</i>	\$4,000,000	\$5,500,000	§502(2)(A)
Maximum Loan Amount <i>if project generates renewable energy or renewable fuels, such as biodiesel or ethanol production</i>	\$4,000,000	\$5,500,000	§502(2)(A)

In addition, the Small Business Jobs Act adds an additional Public Policy Goal to section 501(d)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)):

Reduction of rates of unemployment in labor surplus areas, as such areas are determined by the Secretary of Labor.

Implementation of Loan Limit Changes

CDCs may begin submitting 504 loan applications to the Sacramento Loan Processing Center immediately.

EXPIRES: 10-1-2011

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

Alternative Size Standards

SBA Information Notice 5000-1175, issued on September 29, 2010, announced a new, temporary alternative size standard that was established by the Small Business Jobs Act. As stated in that notice, beginning September 27, 2010, applicants can utilize the new statutory alternative size standard (or the industry-based size standard set forth in 13 CFR 121.201) to qualify for a 504 loan.

Low-Interest Refinancing under the 504 Loan Program

The Small Business Jobs Act included provisions authorizing a new program that will allow some small businesses to refinance their owner-occupied commercial real estate mortgages with a 504 loan. SBA is working to develop credit models, policies, form modifications and procedures for this new program, and will issue more information as that process continues.

The Recovery Act and the Small Business Jobs Act of 2010

The Small Business Jobs Act extended the fee relief on eligible 504 loans available under Section 501 of the Recovery Act through December 31, 2010. (See Information Notice 5000-1173, eff. date 9-29-2010.) Beginning October 1, 2010, 504 loans approved with fee relief will be known as Small Business Jobs Act loans. Once the Small Business Jobs Act funds and authority have expired, SBA will be unable to approve increases to Small Business Jobs Act loans. A request by the borrower for additional funding after the authority has expired must be submitted as a new loan application.

For Recovery loans approved prior to October 1, 2010, those borrowers that need additional funding must submit a new loan application. If approved, the new loan will be funded from the appropriations provided by the Small Business Jobs Act and will receive the fee relief, unless the Small Business Jobs Act funds and authority have expired.

For non-Recovery loans approved prior to October 1, 2010, SBA may continue to process requests for increases to these loans in accordance with SOP 50 10 5(C), Subpart C, Chapter 5, Para. II. A. As a reminder, requests for increases are subject to the maximum loan limitations in effect when the loan was originally approved and will not receive the fee relief provided by the Small Business Jobs Act. If the borrower is seeking the higher loan limits or fee relief available under the Small Business Jobs Act, the borrower must request a new loan.

The Debt Refinancing provision in [13 CFR 120.882\(e\)](#), which was developed under the Recovery Act (which includes an expansion component) remains in place, because it was a permanent change to the 504 loan program.

Further guidance will be issued about other aspects of the Small Business Jobs Act of 2010 as appropriate.

SBA Field Offices will advise CDCs of this Notice. Questions concerning this Notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/localresources.

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