



SBA Information Notice

TO: All SBA Employees and Certified Development Companies

CONTROL NO.: 5000-809115

SUBJECT: Form 1244 updates to conform to Economic Aid Act and Interim Final Rule on 504 Debt Refinancing

EFFECTIVE: July 29, 2021

The purpose of this Notice is to announce the revisions that have been made to SBA Form 1244, Application for Section 504 Loans, to conform the form to changes made to the debt refinancing options available in the 504 Loan Program by section 328(a) of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, enacted December 27, 2020, Public Law 116-260, and the interim final rule that SBA published in the Federal Register Vol 86, No. 143, Thursday July 29, 2021. In addition to making some updates and revisions to the Statements Required by Law and Executive Order, the changes to the form include the following:

1. With respect to debt refinancing with expansion, SBA revised or added the following questions on page 12 that are relevant in determining whether the loan may be processed by PCLP CDCs under their delegated authority:

- “1. Does the Applicant project involve debt refinancing? Yes No
- If yes, with or without expansion? With expansion Without expansion
- (a) If debt refinancing with expansion:
- Is the debt being refinanced the debt of the CDC or the TPL, or of affiliates of either? Yes No
 - Is the CDC requesting an exception to the requirement that the new installment payment be at least 10% less than the existing installment amount(s)? Yes No
 - Is the CDC requesting a waiver of the requirement that the 504 eligible fixed assets collateralizing any debt to be refinanced (or relating the portion of debt being refinanced in the case of partial refinance) also collateralize the 504 Loan? Yes No

If the answer to any of the questions in 1(a) above is “yes”, then the application must be processed through SLPC and not through the PCLP CDC’s delegated authority.”

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EXPIRES: 7/1/22

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete

Must be accompanied by SBA Form 58

2. With respect to debt refinancing without expansion, SBA removed the following sentence on page 12: “If debt refinancing without expansion, the application must be processed through SLPC and not through PCLP authority.” SBA also added the following questions that are relevant in determining whether the loan may be processed by PCLP CDCs under their delegated authority:

“(b) If debt refinancing without expansion:

- Is the debt being refinanced the debt of the CDC or the TPL, or of affiliates of either? Yes No
- If the debt being refinanced is subject to a guarantee by a Federal Agency, is the CDC requesting an exception to the requirement that the new installment payment be at least 10% less than the amount(s) of the existing installment? Yes No

If “yes”, then the application must be processed through SLPC and not through the PCLP CDC’s delegated authority.”

3. SBA added the following question under question #10 regarding the alternate job goal on page 14:

“If no, is the project eligible under the 504 debt refinance alternative job goal? Yes No”

4. With the change made by the Economic Aid Act that a debt may be eligible for refinancing if it was incurred not less than 6 months before the date of the application instead of 2 years before application, SBA removed on page 18 the following phrase from the documents that must be submitted as part of Exhibit 20: “if the debt was previously refinanced within two years of the date of application, copies of the most current debt and lien instruments as well as copies of the debt and lien instruments for the debt that was replaced by the most current debt.”

5. In describing the Project Funding Sources and Uses under question #8 on page 13, SBA added a separate line for “Land Only Purchase”. In addition, in describing the economic development objectives that are met by the Project under question #12 on page 14, SBA added references to “Base Closures” and “Minority-Owned Business”.

Questions

Questions concerning this Notice may be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

Dianna Seaborn
Director
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