



SBA Information Notice

TO: All Employees and All Certified
Development Companies

CONTROL NO.: 5000-17058

SUBJECT: Availability of 25 Year Loan and
Debenture in the 504 Loan
Program

EFFECTIVE: April 4, 2018

The purpose of this Notice is to announce that the U.S. Small Business Administration is making available a 504 Loan, and the Debenture that funds it, with a 25 year maturity. This 504 Loan and Debenture is in addition to the 10 and 20 year 504 Loan and Debenture that are currently available in the 504 Loan Program. This new instrument will provide small business borrowers with more choice in financing their long term capital projects. Specifically, the 25 year Loan, and the Debenture that funds it, will spread the repayment of an SBA loan obligation across a longer time horizon, which SBA expects will have the result of lowering a borrower's monthly loan payments. Certified Development Companies have embraced this 504 program change as beneficial to small businesses looking at alternatives to existing variable rate financing.

The Debenture will include the same full faith and credit and timely payment guarantee attributable to SBA's existing 10 and 20 year Debentures. SBA expects to offer this Debenture funding monthly.

On April 4, 2018, SBA published a Notice in the Federal Register announcing the new maturity in accordance with 13 CFR § 120.933. This new 25 year 504 Debenture will be made available for 504 Projects that are approved on or after April 2, 2018. Any 504 Project approved prior to April 2, 2018 may not be modified to a 25 year maturity due to the debenture funding requirements of the program. In addition, as indicated in the Notice, the term of a of the Third Party Loan accompanying a 25-year 504 Loan must be at least 10 years.

The following 504 forms have been updated in accordance with this change and will be available on the SBA website:

- SBA Form 1244, Application for Section 504 Loan
- SBA Form 1504, Development Company 504 Debenture
- SBA Form 2234C, Eligibility Information Required for 504 Submission (PCLP)
- SBA Form 2450, Eligibility Information Required for 504 Submission (Non-PCLP)
- SBA Form 2286, 504 Debenture Closing Checklists
- SBA Form 2287, Third Party Lender Agreement
- 504 Authorization

EXPIRES: 04/01/2019

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SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

NOTE: The first pooling date for 25 year debentures will be no earlier than July 2018. Rates for the 25 year debenture are determined at the time of funding and are anticipated to be set at a spread above the 20 year debenture rate. Actual rates will not be known until the debentures are presented for sale.

If you have questions, please contact Linda Reilly, Chief, 504 Loan Program, at (202) 205-9949 or linda.reilly@sba.gov.

Dianna L. Seaborn
Director
Office of Financial Assistance