



HELPING TO MANAGE EXPECTATIONS

Turn-Around Times

SBA 504 Loan Program

Frequently Asked Questions

Why have turn-around times been so high and when will they improve?

First, the good news. This has been a record-setting year for the 504 Loan Program. Thousands of businesses nationwide have taken advantage of the low, long-term fixed rates to rebuild and grow.

The bad news? The regular 504 Loan Program, including 504 Debt Refinance **with** Expansion, has reached its congressionally authorized cap of \$7.5 billion. While SBA will continue accepting, processing, and decisioning loan applications, they will not be able to issue a loan number and authorization until funding authority is reset on October 1, 2021, or earlier if Congress acts.

Keep in mind...the 504 Debt Refinance **without** Expansion Loan Program operates with a separate \$7.5 billion authorization, which still has ample funding available.

Why can't SBA just raise the cap?

The funds allocated for each SBA Loan Program are authorized by Congress. Therefore, unless Congress grants the authority, the SBA Administrator is not authorized to

- Make any one-time, temporary, increases to the 504 Loan Program's \$7.5 billion authorization cap, **or**
- Shift a portion of remaining funds from one SBA loan program to another

A few years ago, the Administrator was granted the power to make a limited, once-per-fiscal-year increase to the authorization cap for the 7(a) Loan Program, provided proper notice is given to Congress in advance of any increase. However, that action has not yet been reciprocated for the 504 Loan Program.

What about the short-window remaining for fee waivers and subsidy payments?

Unfortunately, those provisions are only available for approved loans with a loan number and authorization issued by September 30, 2021. If a loan in the queue is approved after that date, the fee waivers and payment subsidies will not apply.

Do 504 Refinance Loans qualify for fee waivers and subsidy payments?

Yes, in most cases. Because the 504 Debt Refinance **without** Expansion Loan Program still has ample funding available, loans approved (with a loan number and authorization) prior to September 30, 2021 (subject to availability), will be eligible for those added savings.

PLEASE NOTE...if refinancing an existing SBA loan that has already received Section 1112 payments, the project will not be eligible for additional assistance.

Is there anything I can do to help get this situation resolved?

Yes! We encourage you to contact your members of Congress to share the impact this is having on you. The 504 Loan Program is a legislative program, ruled by SBA. So while we've done our best, as an industry, to voice our concerns, and advocate for any legislative fixes or vehicles that would keep the program operating normally, hearing directly from constituents is always more powerful.

We would be more than happy to assist you with this process. Whether you need staff contacts or template language to get you started, we are here to help. For assistance, please contact:

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Growth Corp, together with its trade association, NADCO, will continue working with members of Congress and SBA on finding a possible resolution.

LOOKING AHEAD

Will everything go back to normal on October 1, 2021, after the new fiscal year starts? And will I be issued a loan number and authorization shortly thereafter?

It depends. Right now, SBA has a rather large backlog of pending applications. And with a queue in place to continue accepting applications during this temporary pause, that backlog will continue to grow. We've been informed that applications will be processed in the order they were received.

Another concern on the horizon is the possibility of Congress not passing a budget for fiscal year 2022. If that happens, a Continuing Resolution would temporarily fund government activities for a limited time, including SBA lending programs. However, the apportionment for a continuing resolution is based off of the previous fiscal year's appropriation level (or with minor modifications) for a set amount of time using a formula-based approach. The concern is whether this prorated amount would quickly become exhausted by the backlog of applications already in the queue. As always, your team at Growth Corp will keep you posted as things move forward.

The fact that we are reaching our cap of \$7.5 billion for the first time is something we can be proud of because it means we're making a real impact and meeting our mission of creating strong and healthy communities across the country. However, we will continue to do all we can to support small businesses looking to rebuild and grow.
