



U.S. Small Business  
Administration



# 504 Industry Update

# Questions

- 1. How many loans are currently in the backlog at SLPC? Will the current backlog use up any remaining authority in the regular 504 loan program?** There were approximately 600 504 applications in house as of 8/25/2021. SLPC estimates indicate that there is likely enough 504 loans at the SLPC at this time to obligate the remaining FY 21 allocation. As with all estimates, the number of loans that the remaining funds will cover is also dependent on the size of the loans in the queue, and whether there are unresolved screen outs on pending applications. SBA projects that FY 21 504 **regular** (including debt refinance with expansion) program authority will be obligated during the week of September 5, 2021. There is sufficient authority remaining in 504 debt refi (without expansion) and those 504 loan approvals will continue.
- 2. Once the \$7.5 authorization cap has been reached, can CDCs continue submitting applications for the regular 504 loan program (including 504 debt refi with expansion applications)?** Yes. 504 Loans will be processed and queued (but not approved) for approval based on authorization and availability of funds for FY 2022.
- 3. What specifically will SLPC staff be able to do with regular 504 applications – i.e., will they be able to process, issue Avoid a Screen Outs, Screen Outs, etc. to get to final loan decisioning?** SLPC will continue processing actions as usual but cannot approve or issue 504 loan numbers other than for 504 debt refinancing until SBA receives funds.

# Questions

4. **Once new funding is in place (beginning October 1), how will any backlog of decisioned loans be processed – will there be a queue based on when the loan was originally decisioned and set aside pending funding availability?** SBA is tracking volume but can't anticipate the actual number until we review and process the 504 loan submissions. There will be a queue of 504 loans ready for approval and when funding is available, SLPC will begin issuing approvals and loan numbers.
5. **Will SBA reserve any program authority to handle possible last minute 327 increases necessary for loans closing for the October bond sale?** No.
6. **Once we hit the \$7.5 billion cap in the regular 504 loan program, can SLPC process any 327 increases to existing approvals?** No.

# Additional Chat Questions from Call

- 1. What is the status of Senate Bill S. 2709 to increase 2021 504 funding from \$7.5MM to \$8.5MM?** The proposed legislation referenced has not been approved as of 8/25/2021. SBA continues to monitor legislation and will provide future updates as they are available.
- 2. Is refi with expansion included in the refi amount or does it fall in the regular program?** 504 refi with expansion is not included in the separate allocation for 504 refinance without expansion. Therefore, funds for refinance with expansion will end with the regular 504 applications when funding for FY 21 is no longer available.
- 3. How should we handle processing fees in our projects moving forward?** Funds are available for 504 fee waivers through September 30, 2021. After October 1, 2021, there is no funding for 504 fee waivers and the borrower is responsible for payments of the 504 fees as per SOP 50 10 6. Also, if the funds for fee and debt relief are not longer available prior to September 30, 2021, the system will reinstate regular fees on any loan that is approved after those funds are no longer available.
- 4. If we submit a regular application after funds run out, will financial statement dates, etc., be considered timely if current as of the submission date to SLPC?** The timing of available funding will have an impact on this response. If financing statements are current within 90 days, SLPC will not have to screen out and request an update. Aged financial statements will need to be revised and resubmitted when requested by SLPC.
- 5. Of the funds remaining and applications in process at the center, will these all be approved within the current \$7.5B cap?** We anticipate all FY 21 funding for 504 loan applications except debt refinance without expansion will be obligated sometime during the week of September 5, 2021. CDC can look in Etran and monitor the status of loan application approvals.

## Additional Chat Questions from Call

6. **Does cancellation of outstanding authorizations have any effect on 2020-2021 504 allocation?** Yes. If 504 loans are cancelled, additional funds will be available to fund other 504 loans.
7. **Will the TPL be able to close on the permanent and interim note once approval is received or will they need to wait until the funding is available?** No. 504 Loans that continue to be reviewed and processed are not approved by SLPC until additional funds are provided. Any financing provided to the SBC for the Project would be evaluated under the policy for bridge financing.
8. **Can a 327 be issued with a name change of 3rd party lender only?** If only the name of the TPL is changed but all other terms and conditions of the TPL loan are the same, SLPC should be able to approve this request under a 327.
9. **Will loans approved from the queue still get the fee waiver?** 504 fee waivers are only available through September 30, 2021 or when fee funds run out whichever is first. If the loan in the queue is approved after that date, the fee waiver will not be available.
10. **Has PCLP approval authority been taken into consideration in regard to run rate?** Yes.