

Technical Issues Memo 20-20

To: NADCO Members (Please disseminate to all appropriate personnel)

From: Denise Ripley, Director of Regulatory Affairs, Training & Support

Subject: FY 2020 Third Quarter Maximum Third Party Loan & Peg Interest Rates

Date: April 7, 2020

SBA published the maximum interest rate for Third Party Lender Loans for 504 Projects effective April 1, 2020 for the April-June (3rd) quarter of Fiscal Year 2020. Pursuant to 13 CFR § 120.921(b), the maximum legal interest rate for a third party lender loan which funds any portion of the cost of a 504 project (see 13 CFR § 120.801) shall be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given State, the maximum interest rate will be the rate permitted by the constitution or laws of the given State.

SBA also published the optional “peg” rate, which may be used as a base rate for guaranteed fluctuating interest rate SBA loans. The “peg” rate is **1.88% (1.88 percent)** for the 3rd quarter of FY 2020.

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[Federal Register / Vol. 85, No. 64](#)