



SBA Information Notice

TO: All SBA Employees and Certified Development Companies

CONTROL NO.: 5000-20085

SUBJECT: Elimination of Certain 504 Loan Program Fees as Authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

EFFECTIVE: January 27, 2021

The purpose of this Notice is to announce the temporary elimination of certain 504 fees in accordance with Section 327(b) of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act), enacted December 27, 2020. With respect to each 504 Project for which an application is approved beginning on December 27, 2020 and ending on September 30, 2021, the following 504 fees are eliminated to the extent the cost of such elimination in fees is offset by appropriations:

- The Third Party Lender participation fee paid by the Third Party Lender under section 503(d)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697(d)(2)) (*see also* 13 CFR 120.972(a)); and
- The CDC processing fee charged to the Borrower under 13 CFR 120.971(a)(1).

Both fees are eliminated only to the extent the cost of such elimination in fees is offset by appropriations and, consequently, the fees will be eliminated only for so long as appropriations remain available. SBA will provide updated guidance on the availability of appropriations for the elimination of these 504 fees as necessary.

SBA Will Reimburse CDCs for the Waived CDC Processing Fees

To the extent that the cost of such payment is offset by appropriations, SBA will reimburse each CDC that does not collect the processing fee from the Borrower in an amount equal to 1.5 percent of the net debenture proceeds. SBA will reimburse the CDC with two-thirds of the 1.5% (*i.e.*, 1%) at the time of loan approval by SBA or, for CDCs with delegated authority to approve a loan under the Premier Certified Lenders Program or the ALP Express Loan Program authorized under Section 328(b) of the Economic Aid Act, upon SBA's issuance of a loan

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

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number. The remaining amount owed to equal 1.5% of the net debenture proceeds will be paid to the CDC immediately following debenture funding.

If a Borrower has already paid any portion of the processing fee to a CDC for a 504 loan that was approved on or after December 27, 2020, the CDC must fully reimburse the Borrower within 10 business days of the CDC's receipt of the fee from SBA and the CDC must retain documentation of the payment in its loan file.

In addition, if the Third Party Lender has already remitted the Third Party Lender participation fee to SBA for a 504 loan for which appropriations are available to offset the cost of the fee, SBA will refund the fee to the Third Party Lender.

CDCs do not need to request that Loan Authorizations executed on or after December 27, 2020 be modified to reflect the fee eliminations addressed in this Notice. SBA will reflect the appropriate fee relief in E-Tran. Accordingly, CDCs should not submit Loan Authorization modification requests to the SBA Sacramento Loan Processing Center (SLPC) solely to reflect the fee elimination. SLPC will not take any action on such requests.

CDCs are not permitted to cancel loans approved prior to December 27, 2020 and resubmit them in order for the loan to qualify for the temporary fee relief described in this Notice.

Questions

Questions concerning this Notice may be directed to the Lender Relations Specialist in the local SBA Field Office, which can be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

John A. Miller
Acting Associate Administrator
Office of Capital Access