

Technical Issues Memo 22-18

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

From: Rhonda Pointon, SVP of Regulatory Affairs & Training

Subject: 25 Year Debenture SBA Notice and Updated Forms

Date: April 5, 2018

Today, SBA has released [Information Notice 5000-17058](#) announcing the availability of a 25 year maturity for 504 Loans and the Debentures that fund them. This is in addition to the 10 and 20 year 504 Loan and Debenture that are currently available in the 504 Loan Program. The Federal Register Notice that was previewed earlier this week in TI Memo 21-18 was published in the Federal Register yesterday. Both Notices can be found via the links below.

- This new 25 year 504 Debenture is available for 504 Projects that are approved on or after April 2, 2018.
- The term of a 504 Debenture for any 504 Project **approved** prior to April 2, 2018 may not be extended to 25 years.
- For any 504 Project approved on or after April 2, 2018, SBA has advised NADCO that the term of a 504 Debenture may be changed through a 327 request to SLPC.
- The voluntary prepayment schedule will stay at 10-years for the 25-year loans, the same as for 20-year loans.
- The term of the Third Party Loan accompanying a 25-year 504 Loan must be at least 10 years.
- The fee structure is the same as for 20 year loans and debentures.
- **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. SBA expects to offer this Debenture funding monthly.

The following 504 forms have been updated in accordance with this change and will be available on the SBA website. **SBA has advised NADCO that there is a 30 day phase in period from today's date for use of these forms to help with the transition.**

- 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

If you would like to access this TI Memo, the Federal Register Notice, or SBA Information Notice via the NADCO website, please click below.

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[Federal Register / Vol. 83, No. 65](#)

[SBA Information Notice 5000-17058](#)