



SBA Procedural Notice

TO: All SBA Employees, SBA Lenders, and Certified Development Companies

CONTROL NO.: 5000-856984

EFFECTIVE: April 30, 2024

SUBJECT: 504 Program Updates to SOP 50 10 7.1
Removing Cap on Energy Public Policy Projects
and Extensions on Debenture Beyond 48 Months

The purpose of this Notice is to revise the provisions of SOP 50 10 7.1 related to the 504 Loan Program, including removing the \$16,500,000 million cap on Energy Public Policy projects, and providing an update on approvals by OFPO/SLPC on extensions of loan disbursement periods beyond 48 months unless referral to OFA is warranted.

1. Removing the Cap on Energy Public Policy Projects Financing

SOP 50-10-7.1, page 306, paragraph D.1.c.i. is revised to remove the following:

- i. “The outstanding Gross Debentures issued for a small business concern, including affiliates, for Eligible Energy Public Policy Projects must not exceed \$16,500,000 in the aggregate.”

The removal of this provision will result in the renumbering of the remainder of section as follows:

- i. The \$5,500,000 limit for each Project is not reduced by any other outstanding SBA loan guaranties that the Borrower and its affiliates have received through other SBA loan programs.
- ii. Loans made for Eligible Energy Public Policy Projects do not reduce the \$5,000,000 limit for each small business concern for other 504 Projects.

2. Revising Procedures Related to Extension of Disbursement Period

Currently, SBA requires that the 504 loan be disbursed within 48 months from the date of approval. SBA is updating SOP 50 10 7.1, Section C, Chapter 2, Paragraph A.2.a to delegate the decision authority on disbursement extension requests to SLPC when appropriate, rather than all being referred to OFA. Those deemed appropriate will continue to be referred to OFA for coordination with OGC and CFO.

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EXPIRES: 4/1/25

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

Must be accompanied by SBA Form 58

Consequently, SOP 50 10 7.1, Section C, Chapter 2, Paragraph A.2.a is revised to read as follows:

2a. Disbursement Period: The loan must be disbursed within 48 months from the date of approval, unless an exception to policy is approved and an extension is granted by SBA through the OFPO/SLPC, with concurrence by SBA CFO to confirm funding authority. When appropriate, SLPC will also refer extension requests to OFA for concurrence with OGC and the CFO. CDCs must provide SLPC the reason for the extension and document how the project sources and uses have been adjusted for any increases in project costs. SBA will track the approved time frame for loans and automatically cancel undisbursed dollars. For Debt Refinance without Expansion, the loan must be disbursed within 9 months from the date of approval, unless an extension not to exceed 15 months is granted by SBA through the OFPO/SLPC. The Denver Finance Center (DFC) will make a reasonable effort to mail an initial message to the CDC approximately 3 months prior to taking action on undisbursed funds. The message will inform the CDC of the undisbursed dollar amount and will provide a date on which the dollars will be automatically cancelled. After the 3-month message has expired, DFC will make a reasonable effort to mail a second message on the day the automatic cancellation is processed.

Questions

If you have any questions regarding this Notice, please contact Gregorius Suryadi at gregorius.suryadi@sba.gov or Andrew Bergmanson at andrew.bergmanson@sba.gov.

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