

U.S. Small Business Administration: Makes 504 Loan Available with 25- year Debenture

Posted on Thursday, Apr 5, 2018

>> **WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

Contact: Shannon.Giles@sba.gov

WASHINGTON - SBA Administrator Linda McMahon has announced that the U.S. Small Business Administration is offering a 504 Loan and the Debenture that funds it with a 25-year maturity. This new 25 year Debenture will be made available for 504 Projects that are approved on or after April 2, 2018.

The new 504 Loan term complements the 10- and 20-year 504 Loan and Debenture that have been available since 1986. Small businesses, the Certified Development Company industry and the third-party lenders have emphasized the need for an affordable, fixed-rate instrument with a term-to-maturity more closely resembling other longer term mortgages.

“This option for extending the payment cycle by an additional 60 months gives small business borrowers the opportunity for lower monthly payments, which can significantly help their cash flow,” McMahon said. “This increased flexibility in their loan terms will put them in a better position to manage their capital and face challenges like rising operating expenses.”

The Federal Register Notice announcing the 25-year term is available at <https://www.gpo.gov/fdsys/pkg/FR-2018-04-04/pdf/2018-06823.pdf>.

The 504 Loan Program is an SBA business loan program authorized under Title V of the Small Business Investment Act of 1958, 15 U.S.C. 695 et seq. The core mission of the 504 Loan Program is to provide long-term financing to small businesses for the purchase or improvement of land, buildings, and major equipment, to facilitate the creation or retention of jobs and to support local economic development. Under the 504 Loan Program, loans are made in conjunction with private sector lenders to small businesses by Certified Development Companies (“CDCs”), which are certified and regulated by the SBA to promote economic development within their community.