



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1101

SUBJECT: Recovery Act - Changes to 504 Job
Opportunity Requirements

EFFECTIVE: 4/2/2009

Under SBA's Development Company Loan Program (504 Program), a 504 loan is required to create or retain a minimum number of jobs within two years of the disbursement of the loan as a result of the project or to meet other defined economic development objectives (13 CFR 120.861 – 120.862). The standards for determining whether a project meets the job creation or retention requirements are set forth in section 501(e) of the Small Business Investment Act.

To stimulate the growth of small business and create more job opportunities, section 504(b) of the American Recovery and Reinvestment Act of 2009 (ARRA), P.L. 111-05, enacted February 17, 2009, amends the minimum number of jobs that are required to be created or retained per dollar amount guaranteed by SBA by increasing such dollar amount from \$50,000 to \$65,000 as follows:

- (1) A Project must create or retain one Job Opportunity per \$65,000 of 504 loan funding,
or
- (2) For Projects that are eligible under the 504 Program under 13 CFR 120.862, a CDC's portfolio must reflect an average of one Job Opportunity for every \$65,000 guaranteed by SBA.

The above changes apply to new loan applications received on or after February 17, 2009.

The remaining amounts listed below are unchanged:

- (1) A Project must create or retain one Job Opportunity per \$100,000 of 504 loan funding in the case of a project of a small manufacturer.
- (2) For Projects in Alaska, Hawaii, State-designated enterprise zones, empowerment zones and enterprise communities, labor surplus areas, as determined by the Secretary of Labor, and for other areas designated by SBA, the CDC's portfolio may average not more than \$75,000 per job created or retained.

The borrower will enter the number of jobs to be created or retained as a result of the project in the Section 504 Loan Application, and the CDC will verify that the number of jobs meets the job creation or retention requirements. In addition, the job impact data will continue to be entered into the Agency's database, and the application data combined with data from annual CDC reports will continue to be used to report the total number of jobs created or retained.

A notice specifying the Job Opportunity criteria will also be published in the Federal Register.

EXPIRES: 4/1/2010

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

Questions regarding this notice should be directed to the lender relations specialist in the local SBA field office.

Grady B. Hedgespeth
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