

Technical Issue Memo 13-11

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

From: Mike Arlinsky, Director of Regulatory Affairs

Subj: FY2011 2nd Quarter Maximum Third Party Loan and Peg Interest Rates

Date: December 29, 2010

In the December 27, 2010 Federal Register, the SBA published the maximum interest rate for Third Party Lender Loans for 504 Projects effective January 1, 2011 for the January-March (2nd) quarter of Fiscal Year 2011. Pursuant to 13 C.F.R. Section 120.921(b), the maximum legal interest rate for a Third Party Loan which funds any portion of the cost of a 504 Project will be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given State, the maximum interest rate will be the rate permitted by the constitution or laws of that State.

SBA also published the optional “peg” rate, which may be used as a base rate for guaranteed fluctuating interest rate SBA loans. The “peg” rate will be 3 percent (3.00%) for the 2nd quarter of FY2011.

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

TI Memo 13-11, Federal Register December 27, 2010

Contact NADCO for More Information:

If you have additional questions or comments on this Technical Issue Memo, please contact Mike Arlinsky, Director of Regulatory Affairs at (703) 748-2575, mike@nadco.org. For past TI Memos, please go to the Technical Issue Memos page on the NADCO website, www.nadco.org.