

for charities participating in the Combined Federal Campaign (CFC).

**DATES:** The authorization of short-term regulatory variation standards are effective on December 18, 2024.

**FOR FURTHER INFORMATION CONTACT:** Keith Willingham, Director, Office of the CFC, [keith.willingham@opm.gov](mailto:keith.willingham@opm.gov), 202-606-2564.

**SUPPLEMENTARY INFORMATION:** The CFC is the world's largest and most successful annual workplace charity campaign, with 35 CFC campaign zones throughout the country and overseas and raising millions of dollars each year. Pledges made by Federal civilian, retiree, postal, and military donors during the campaign season support non-profit organizations that meet CFC regulations and provide health and human welfare benefits throughout the world.

To provide public accountability, OPM generally requires participating charities to undergo a third-party audit of their finances. In a 1995 rulemaking, OPM exempted local charities from the audit requirement if they had annual revenue of less than \$100,000. In 2014, OPM eliminated the distinction between "local" and "national" charities and expanded the exemption to all charities with revenue of less than \$100,000. *See* 5 CFR 950.203(a)(2)(i). In that rulemaking, OPM also added a second tier, allowing charities with revenue of \$100,000 to under \$250,000 to participate without an audit but with a review by an independent certified public accountant instead. *See* 5 CFR 950.203(a)(2)(ii).

Participation by charities in the CFC dropped precipitously over the last decade, however. Charities have explained that the audit requirement serves as a barrier to participation. Revenue reported by charities has increased, and more than 75 percent of charities now exceed the current audit threshold of \$250,000 in reported revenue. At the same time, costs of audits have risen dramatically and now often exceed the value of donations collected through the CFC. Audit services can now range from \$15,000–\$30,000. Accordingly, a charity cannot justify the expense of the audit, which yield a net loss to the charity.

The mission of the CFC is to promote and support philanthropy through a program that is employee-focused, cost-efficient, and effective in providing all Federal employees the opportunity to donate. The CFC provides employees with an easy way to contribute to their charities of choice; so, when employees no longer find their favorite charity on the CFC list, they may not give as much

or as often. Therefore, to attract more donors to the CFC and to retain and attract a more diverse group of charities, OPM is adjusting the audit requirements in an 18-month pilot program.

OPM's CFC regulations authorize the Director of OPM to "waive any of these [public accountability] standards and certifications upon a showing of extenuating circumstances." 5 CFR 950.203(e). In addition, the Director may "exercise general supervision over all operations of the CFC and take all necessary steps to ensure the achievement of campaign objectives." 5 CFR 950.102(c). Recognizing that the financial thresholds have not been adjusted in over ten years (and that the \$100,000 threshold is almost 20 years old), OPM finds that immediate steps are warranted to facilitate participation by charities in the CFC.

Based on the feedback OPM has received from charities, the Acting Director has found that the current financial thresholds present extenuating circumstances that impair the achievement of campaign objectives as the thresholds have not been adjusted for inflation in over 10 years. Furthermore, the thresholds are inconsistent with the standards applied by other areas of the government. For example, the Office of Management and Budget currently requires audits for organizations that expend \$750,000 or more in Federal funds. *See* 2 CFR part 200, subpart F. Similarly, many similar state programs have raised their audit thresholds to \$1,000,000. Because the existing regulatory thresholds are having a negative impact on the effectiveness of the CFC and revised thresholds would provide some necessary financial relief, the Acting Director finds that a limited waiver is appropriate. Specifically, waiving the audit requirement for charities with annual revenue of \$1 million or less, and waiving the requirement for an independent review of financial statements for charities with annual revenue above \$1 million but that receive less than \$750,000 in CFC pledges will help address the extenuating circumstances of the increased revenues received by charities combined with the increased costs of financial auditing and review services without commensurate inflationary adjustments to the regulatory thresholds.

Accordingly, OPM provides notice that, for the 18-month period after December 18, 2024, OPM will waive the regulatory thresholds for audits and/or reviews of financial statements for organizations with annual reported revenue of \$1,000,000 or less on its IRS

Form 990 or pro forma IRS Form 990 and will waive the regulatory thresholds for audits of financial statements for organizations with annual reported revenue above \$1,000,000 and with less than \$750,000 coming from CFC. Details are available at <https://cfcharities.opm.gov/app/#!/home>.

All other organizations (e.g., an organization with annual reported revenue above \$1,000,000 and with \$750,000 or more coming from CFC) continue to be required to undergo an annual financial statement audit for CFC purposes. The organization must account for its funds based on generally accepted accounting principles. A copy of the audited financial statements and auditors report must be included with the application. *See* 5 CFR 950.203(a)(2)).

#### Next Steps

OPM plans to update its regulations governing the CFC (RIN 3206-AO66). OPM will assess the effectiveness of this waiver in terms of encouraging charity participation in CFC and whether there is a resultant increase in employee participation. OPM will also assess the extent to which these pilot programs affect the number of charities participating in CFC and which charities meet these proposed thresholds. OPM charity application reviewers at the local national, and international levels will study the audits and financial reviews submitted with applications to ensure that these thresholds are providing appropriate levels of accountability.

Office of Personnel Management.

**Kayyonne Marston,**

*Federal Register Liaison.*

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**BILLING CODE 6325-58-P**

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## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 120

#### RIN 3245-AI21

#### ALP Express Pilot to Permanent Status

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Final rule.

**SUMMARY:** The U.S. Small Business Administration ("SBA" or Agency) is making permanent the increased delegated authorities made available under the ALP Express Pilot for Certified Development Companies ("CDCs") approved for the Accredited Lenders Program ("ALP"). These increased delegated authorities for 504

loans of \$500,000 or less (“ALP Express authority”) were authorized under the Economic Aid to Hard-hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act or EAA). When these EAA-increased delegated authorities expired on September 30, 2023, SBA implemented the ALP Express Pilot (Pilot) in October 2023 to allow SBA to further evaluate the improved customer service levels for SBA Borrowers and the use of these increased delegated authorities by ALP CDCs. The ALP Express Pilot is scheduled to expire on September 30, 2025. Due to the success of the Pilot, SBA is revising regulations and proceeding to make the Pilot permanent after receiving supportive public comments and no objections to SBA’s October 24, 2024, notice of proposed rulemaking. SBA notified Congress of the intent to convert the Pilot to become a permanent part of the 504 Loan Program in September 2024.

**DATES:** This rule is effective as of January 17, 2025.

**FOR FURTHER INFORMATION CONTACT:** Gregorius Suryadi, Office of Financial Assistance, U.S. Small Business Administration at (202) 205–6806 or [gregorius.suryadi@sba.gov](mailto:gregorius.suryadi@sba.gov). The phone number above may also be reached by individuals who are deaf or hard of hearing, or who have speech disabilities, through the Federal Communications Commission’s TTY-Based Telecommunications Relay Service teletype service at 711.

**SUPPLEMENTARY INFORMATION:**

**I. Background Information**

The 504 Loan Program is an SBA financing program authorized under title V of the Small Business Investment Act of 1958, as amended, 15 U.S.C. 695 *et seq.* (“Small Business Investment Act”). Under the 504 Loan Program, loans are made to small business applicants by Certified Development Companies (“CDCs”), which are certified and regulated by SBA to promote economic development within their community.

There are three types of CDCs that participate in the 504 Loan Program. This document relates to the temporary increased delegated authorities that were granted, in accordance with section 328(b) of the Economic Aid Act (“EAA”), to CDCs that are approved by SBA to participate in the Accredited Lenders Program (hereafter “ALP CDCs”), which is authorized under section 507(a) of the Small Business Investment Act. Under section 507(c) of the Small Business Investment Act, SBA is authorized to develop an expedited

procedure for processing a loan application or servicing action submitted by ALP CDCs. [15 U.S.C. 697d.]

Prior to the Economic Aid Act, ALP CDCs were required to obtain SBA’s approval on both the loan’s eligibility and creditworthiness determinations. In addition, ALP CDCs only had delegated authority to make certain “No Adverse Change” certifications prior to loan closing without SBA’s review and approval and were only authorized to close 504 loans under the expedited loan closing procedures applicable to a Priority CDC. Further, ALP CDCs were required to obtain SBA’s approval for most servicing actions. Section 328(b) of the EAA temporarily provided ALP CDCs increased delegated authority to “approve, authorize, close and service covered loans,” for loans of not more than \$500,000 and that are not made to a borrower in an industry with a high rate of default as defined by SBA. SBA implemented these increased delegated authorities with the publication of an interim final rule on June 27, 2022. (87 FR 37979). Pursuant to the EAA, these delegated authorities were to expire on September 30, 2023.

In order to evaluate the use of these increased delegated authorities by ALP CDCs and to identify opportunities for further modification, SBA developed the ALP Express Pilot program to provide these increased delegated authorities through September 30, 2025, to ALP CDCs (hereafter referred to as “ALP Express Pilot Loans”). The ALP Express Pilot’s delegated authorities in effect represented a continuation of the ALP Express authority provided by the Economic Aid Act. (88 FR 69529 (October 6, 2023)). Pursuant to its authority set forth in section 507(c) of the Small Business Investment Act (15 U.S.C. 697d(c)), which authorizes SBA to develop expedited procedures for processing a loan application or servicing action submitted by ALP CDCs, SBA published a notice of proposed rulemaking on October 24, 2024 (89 FR 84831), proposing to make permanent the increased delegated authorities available under the ALP Express Pilot. With this document SBA also requested public comment to help the Agency identify which parts of the pilot have been successful and which may need further modification.

**II. Summary of Comments Received**

On November 25, 2024, the notice of proposed rulemaking comment period ended. SBA received 11 comments to the notice of proposed rulemaking of which one was beyond the scope of the NPRM. Of the 10 unique comments

received, 2 were from national trade associations, 7 were from Certified Development Companies, and one was from an individual. The one comment that was beyond the scope of the notice of proposed rulemaking was from an individual. Public comments received to further expand the pilot authorities will be addressed in the Section-by-Section Analysis. Of the 10 comments received, 9 supported the changes as set forth in the notice of proposed rulemaking. One comment supported the changes and requested additional modification, and the comment from the individual was nonresponsive as it did not comment on the proposed rule but instead suggested revisions to the ALP Express Guide. SBA did not receive any comments opposing the changes. In addition to comments on these regulations there were also comments requesting that SBA implement policies and procedures on electronic signatures, electronic closings, and digital debentures to improve efficiencies across the 504 loan program for both ALP and non-ALP CDCs.

**III. Section-by-Section Analysis**

*A. CDC’s Authorities.* Under the ALP Express Pilot, SBA delegated to ALP CDCs the authority to make the final decision with respect to the applicant’s creditworthiness on ALP Express Pilot Loans. SBA continued to be responsible for reviewing each 504 loan to ensure that it meets all loan program requirements for program eligibility, and its risk management enhancement within E-Tran provided a tool to assist with fraud detection and prevention. SBA proposed to make these increased authorities permanent for loans that meet ALP Express eligibility criteria. SBA is not making additional changes to current ALP Express underwriting, servicing or closing authorities beyond those established by the ALP Express Pilot Program. In its public comments the National Association of Development Companies (NADCO), a national trade association, stated that additional delegated authorities cannot be implemented because SBA lacks this authority under the Accredited Lenders Program. Based on the excellent performance of this cohort of the 504 loans portfolio, there has been low risk to the national 504 portfolio due to the implementation of the ALP Express Pilot. SBA expects ALP CDCs to continue to use this delegated authority as prudent lenders and will monitor the national portfolio of ALP Express loans. Of all ALP Express loans approved since inception of the Pilot and through June 30, 2024, none were in default or in liquidation. SBA will monitor the risk of

this cohort on a continuous basis going forward.

SBA also delegated to ALP CDCs the authority to approve certain servicing actions after closing on ALP Express Pilot Loans (though ALP CDCs were still required to notify the appropriate SBA servicing center of their approval of any servicing action on ALP Express Pilot Loans). In addition, SBA delegated to ALP CDCs the responsibility to undertake all actions necessary to close the ALP Express Pilot Loan and Debenture in accordance with the expedited loan closing procedures applicable to a Priority CDC and with 13 CFR 120.960. SBA is making these increased authorities permanent for loans that meet ALP Express eligibility criteria (hereafter referred to as “ALP Express Loans”). CDCs would use these delegated authorities to approve certain servicing actions after closing. SBA has not found any issues or concerns with the ALP Express loan cohort that would prompt SBA to reconsider making permanent these increased delegated authorities. SBA will continuously monitor the risk of this cohort due to these permanent servicing and closing delegations going forward.

In their own discretion, ALP CDCs may decide not to exercise their increased delegated authority with respect to an ALP Express Loan and may instead submit the loan to SBA under nondelegated procedures. ALP CDCs may not use their ALP Express authority to service a loan that was approved under non-delegated authority that could have been made as an ALP Express Loan. In addition, Premier Certified Lender Program (PCLP) CDCs may decide to process an ALP Express Loan under their status as an ALP CDC instead of as a PCLP CDC, thereby not requiring the CDC to comply with Loan Loss Reserve Fund requirements for that loan. A PCLP CDC that decides to process a loan as an ALP Express Loan however may only use ALP Express authorities, not PCLP authority, for that loan.

In making, closing, servicing, or liquidating an ALP Express Loan, CDCs are required to follow all Loan Program Requirements. This includes the loan closing and disbursement procedures in SOP 50 10 7.1 and any updates to the servicing and liquidation requirements in 13 CFR 120.535, 120.536, 120.540, 120.842 and 120.960, as well as SOP 50 55. SBA is not further expanding any of these responsibilities in making permanent the increased authorities available to ALP CDCs under the ALP Express delegations of authority.

SBA received public comments recommending a further expansion of

ALP Express delegated authorities. The commenters recommended that SBA: (1) Allow full delegated processing, approval, and authorization of ALP Express Loans; (2) Allow ALP CDCs to prepare, finalize, and execute the Loan Terms and Conditions; (3) Allow ALP CDCs to process and approve all loan modifications between loan approval and loan closing and enter changes directly in the Capital Access Financial System (CAFS); (4) Implement a loan scoring model for use by ALP CDCs in approving ALP Express Loans. SBA is not including these recommendations because SBA lacks this authority under the Accredited Lenders Program.

For further guidance on ALP Express authority, please review the ALP Express Pilot Program Guide. This guide will apply to the increased delegated authorities made permanent under this final rule and will be updated as needed.

Finally, in response to public comments, SBA is revising its regulations under 13 CFR 120.953 related to certain responsibilities of Trustee appointed by SBA to facilitate 504 Debenture sales and the related definition of “Debenture” in 13 CFR 120.802. Pursuant to 13 CFR 120.953(c), SBA must appoint a Trustee to maintain physical possession of 504 Debentures for SBA and the Certificate holders. In practice, this requirement limits CDCs, and indirectly SBA borrowers, to executing only physical paper Debentures and prohibits the adoption of electronic Debentures and all their corresponding advantages and efficiencies. SBA is revising the definition of “Debenture” in 13 CFR 120.802 to allow for either paper or electronic Debentures. A revision to the requirements set forth in 13 CFR 120.953(c) will clarify that the SBA shall use a trustee to hold in trust paper Debentures. The consequence of adopting electronic Debentures will be a streamlined loan closing process and modernized documentation retention procedures for these documents, thereby lowering costs for CDCs and SBA borrowers.

**B. Application and Reporting Requirements.** CDCs are required to comply with the reporting requirements in 13 CFR 120.830, using the application forms for current 504 loan processing, and are required to execute an SBA Terms and Conditions document for each 504 loan, including ALP Express Pilot loans, as set forth in SOP 50 10. ALP CDCs use SBA Form 1244 to document its ALP Express authority when submitting an application for an ALP Express Pilot loan. In doing so, SBA tracks whether

the ALP CDC was using its ALP Express increased delegated authority for the loan. In making the increased authorities available to ALP CDCs under the ALP Express Pilot Program permanent, SBA is not changing ALP CDC reporting requirements and related responsibilities. No further changes to Form 1244 are needed.

**C. Lender Oversight.** ALP CDC oversight procedures shall continue to follow the requirements set forth in 13 CFR part 120, subpart I, SOP 50 53 (Lender Supervision and Enforcement) and SOP 51 00 (On-Site Lender Reviews and Examinations). The SOPs can be found on the SBA website. ALP CDCs will be monitored both for performance and other risk characteristics. The ALP CDC must comply with the requirement that it only make ALP Express Loans in an amount of \$500,000 or less, along with all other loan program requirements. ALP CDCs also will be subject to 13 CFR 120.1400 through 120.1600 and the provisions of SOP 50 53 concerning supervision and enforcement. SBA is not changing these responsibilities in making permanent the increased authorities available to ALP CDCs.

**Compliance With Executive Orders 12866, 12988, 13175, 13132, 13563, and 14094, the Congressional Review Act, Paperwork Reduction Act, and Regulatory Flexibility Act Executive Orders 12866, 13563, and 14094**

Executive Order 12866, “Regulatory Planning and Review,” directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563, “Improving Regulation and Regulatory Review,” emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 14094, “Modernizing Regulatory Review,” amends section 3(f) of Executive Order 12866 and supplements and reaffirms the principles, structures and definitions governing contemporary regulatory review established in Executive Order 12866 and Executive Order 13563. The OMB Office of Information and Regulatory Affairs has determined that this rulemaking is not a significant regulatory action. SBA has drafted a cost-benefit analysis for the public’s information in the next section.

### A. Cost-Benefit Analysis

Is there a need for the regulatory action?

Access to capital is one of the primary challenges for small businesses to start, grow, and sustain their businesses. The SBA 504 loan program serves an important role in business lending for small businesses that do not have credit available elsewhere from conventional sources on reasonable terms. The Agency believes that a streamlined process for small dollar loans particularly for loans of \$500,000 or less will facilitate increased participation by small business owners, especially those in underrepresented communities. SBA observed that upon implementing the increased delegated authorities required by the EAA, SBA was able to reduce the processing and approval time of loan applications of \$500,000 or less for small businesses that needed immediate financial assistance.

The ALP Express Pilot increased delegated authorities have proven that ALP CDCs are able to process, approve, and service ALP Express loans within the guidelines issued by the SBA. Due to the success of the Pilot, SBA is now making these delegations permanent. Accordingly, the permanent program change will reduce regulatory burdens, reduce the number of hours spent processing an application to deliver a loan for both SBA and CDCs and increase access to capital for small businesses.

With respect to adopting electronic 504 Debentures, SBA believes this change will streamline the loan closing process and lower costs for CDCs and SBA borrowers.

### B. Benefits and Costs of the Rulemaking

What are the potential benefits and costs of this regulatory action?

SBA anticipates that making permanent the ALP Express Pilot Loan authority and providing ALP CDCs with greater authority to approve and service loans will reduce processing time and therefore benefit small businesses, their employees, and the communities they serve.

Indeed, SBA observed that the processing and approval time for ALP Express Pilot loans averaged 2.3 business days whereas the processing time for regular 504 loans using non-delegated authority averaged 5 days. Therefore, small businesses will have access to capital to start, grow, and sustain their businesses in a shorter timeframe. SBA does not anticipate additional costs or impacts on the subsidy once these increased delegated authorities are made permanent.

Finally, adoption of electronic Debentures will expedite the loan closing process and lower documentation storage and transmission costs.

### C. What alternatives have been considered?

SBA could allow the ALP Express Pilot to expire and resume the level of ALP authorities that were in place prior to the implementation of the Economic Aid Act. Due to the efficiency gains under the ALP Express pilot, SBA considered it more prudent to retain these increased delegated authorities to reduce regulatory burdens for ALP CDCs and to responsibly streamline the processing, approval and closings of 504 loan application under \$500,000 without substantially increasing the risk of waste, fraud, or abuse of the programs, or threatening the integrity of the business loan programs or the waste of taxpayer dollars.

SBA reviewed public comments and received recommendations for alternatives that cannot be implemented because SBA does not have this authority under the Accredited Lenders Program. These include: (1) Allowing full delegated processing, approval, and authorization of ALP Express Loans; (2) Allowing ALP CDCs to prepare, finalize, and execute the Loan Terms and Conditions; (3) Allowing ALP CDCs to process and approve all loan modifications between loan approval and loan closing and enter changes directly in the CAFS; (4) Implementing a loan scoring model for use by ALP CDCs in approving ALP Express Loans.

Finally, as an alternative to the changes being contemplated to § 120.953, SBA could maintain its current physical Debenture regime where physical paper is shipped and stored. Due to the efficiency gains afforded by electronic Debentures, SBA considered it more prudent to transition to the use of electronic Debentures.

### Executive Order 12988

This action meets applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988, *Civil Justice Reform*, to minimize litigation, eliminate ambiguity, and reduce burden. The action would not have preemptive effect or retroactive effect.

### Executive Order 13175

This final rule will not have Tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it would not have a substantial direct effect on one or more Indian tribes, on the relationship between the

Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

### Executive Order 13132

This final rule will not have federalism implications as defined in Executive Order 13132, *Federalism*. It would not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government, as specified in the Executive order. As such it does not warrant the preparation of a Federalism Assessment.

### Paperwork Reduction Act

This final rule does not impose additional reporting or recordkeeping requirements under the Paperwork Reduction Act, 44 U.S.C. chapter 35. In order to implement the Economic Aid Act, SBA determined that it was necessary to temporarily modify SBA Form 1244, which was approved on November 22, 2022, under OMB Control Number 3245-0071, *Application for Section 504 Loans*, to conform the application with the revised requirements for ALP Express Loan authority. The changes did not add any new burdens for the respondents. SBA made the following technical corrections and clarifying changes to SBA Form 1244 which became effective October 1, 2024: (1) revised question number 4 on page 2 to include the updated language as a result of the Criminal Justice Reviews for the SBA Business Loan Programs, Disaster Loan Programs, and Surety Bond Guaranty Program (89 FR 34094); (2) added a paragraph on page 4 authorizing the SBA to release information regarding existing SBA loan to Lender/CDC; (3) revised the instructions on page 5 (*Purpose of the Form*) to clarify that CDCs with ALP Express Loan authority must use the form; (4) added a new ALP Express checkbox to page 8 in the *Submission Method* field; (5) added an additional row to the project table on page 9 for Other Secured Debt to be Refinanced; and (6) updated the instructions on pages 11 and 12 (*Required Exhibits*) to identify which exhibits must be completed and uploaded in SBA's E-Tran system for ALP Express Loans and which exhibits non-ASM CDCs must complete and upload into E-Tran. No additional modifications to SBA Form 1244 were necessary for the ALP Express Pilot, and no additional modifications to SBA Form 1244 will be necessary for purposes of making the ALP Express

increased authorities permanent through this rulemaking.

**Regulatory Flexibility Act**

The Regulatory Flexibility Act (“RFA”), 5 U.S.C. 601, *et seq.*, requires administrative agencies to consider the effect of their actions on small businesses, small organizations, and small governmental jurisdictions. Pursuant to the RFA, when an agency issues a proposed rulemaking, it must prepare and make available for public comment an initial regulatory flexibility analysis to address the impact of the rule on small entities. SBA published a notice of proposed rulemaking on October 24, 2024, with comments due on or before November 25, 2024, and received 10 supportive comments and no opposing comment. Section 605 of the RFA allows an agency to certify a rule, in lieu of preparing an analysis, if the rulemaking is not expected to have a significant economic impact on a substantial number of small entities. The rulemaking will have a positive impact and will be beneficial for all ALP CDCs. By making permanent the temporary increased delegated authorities available under the ALP Express Pilot program this rulemaking will improve the approval time of 504 loan applications for loans in an amount of \$500,000 or less.

Between FY 2022 (June 27, 2022) and FY 2025 (October 31, 2024) SBA approved 4,971 non-ALP Express loans of \$500,000 or less, for a total dollar amount of \$1,511,075,000. In the same period SBA approved 2,364 ALP Express and ALP Express Pilot loans for a total dollar amount of \$1,283,386,000. The total number of approved 504 loans of \$500,000 or less over this period was 7,335 loans, in the amount of \$2,794,461,000. Based on the total 504 loans of \$500,000 or less approved since ALP Express implementation, ALP CDCs have demonstrated success in processing and servicing loans using their increased ALP Express delegated authority. In addition, since ALP Express implementation, there have been no instances of ALP Express loans in default or in liquidation.

SBA estimates the burden for completing SBA Form 1244, “Application For Section 504 Loans”, including time for reviewing instructions, gathering data and documentation needed, and completing and reviewing the form, is 2.5 hours. SBA will not need to change SBA Form 1244 as a result of this rulemaking. SBA anticipates the final rule will increase the number of CDCs making loans of \$500,000 or less and increase the number of approved 504 program loans

as a whole. The ALP Express Pilot added no additional cost burdens to SBA, CDCs, or small business borrowers and there were minimal changes to SBA forms. SBA used existing staff to implement the Pilot. No further changes to SBA forms or staffing levels are anticipated to make permanent the ALP Express increased delegated authorities. Finally, the ALP Express Pilot cohort of loans had no defaults and no liquidations. SBA will continue to monitor the risk of this cohort to SBA’s 504 portfolio going forward.

With respect to the electronic Debenture change, SBA currently must appoint a Trustee to maintain physical possession of 504 Debentures for SBA and the Certificate holders. In practice, this requirement limits CDCs, and indirectly SBA borrowers, to executing only physical paper Debentures and prohibits the adoption of electronic Debentures and all their corresponding advantages and efficiencies. A revision to the requirements set forth in 13 CFR 120.953(c) will authorize SBA to maintain possession of electronic (or digital) versions of 504 Debentures, thereby streamlining the loan closing process and lowering costs for CDCs and SBA borrowers

Based on the foregoing, the Administrator of the SBA hereby certifies that this rulemaking will not have a significant economic impact on a substantial number of small businesses. The SBA invited comments from the public on the certification for the proposed rule. SBA did not receive any objections to its certification.

**Congressional Review Act**

This rule has been determined not to meet the criteria set forth in 5 U.S.C. 804(2). SBA will submit the rule to Congress and the Government Accountability Office consistent with the Congressional Review Act’s requirements.

**List of Subjects in 13 CFR Part 120**

Administrative practice and procedure, Banks, Banking, Business and industry, Child support, Community development, Confidential business information, Credit, Disaster assistance, Employee benefit plans, Energy conservation, Environmental protection, Equal employment opportunity, Exports, Flood insurance, Flood plains, Foreign trade, Fraud, Individuals with disabilities, Lead poisoning, Loan programs—business, Loan programs—energy, Loan programs—veterans, Reporting and recordkeeping requirements, Small businesses, Solar energy, Trusts and trustees, Veterans.

Accordingly, for the reasons stated in the preamble, SBA amends 13 CFR part 120 as follows:

**PART 120—BUSINESS LOANS**

■ 1. The authority citation for part 120 continues to read as follows:

**Authority:** 15 U.S.C. 634(b)(6), (b)(7), (b)(14), (h), and note, 636(a), (h) and (m), 650, 687(f), 696(3) and (7), and 697(a) and (e); sec. 521, Pub. L. 114–113, 129 Stat. 2242; sec. 328(a), Pub. L. 116–260, 134 Stat. 1182.

■ 2. Amend § 120.802 by revising the definition of *Debenture* to read as follows:

**§ 120.802 Definitions.**

\* \* \* \* \*

*Debenture* is an obligation issued by a CDC and guaranteed 100 percent by SBA, the proceeds of which are used to fund a 504 loan. SBA, in its discretion, may authorize either paper or electronic Debentures.

\* \* \* \* \*

■ 3. Amend § 120.842 by revising paragraph (a) and removing paragraph (d) to read as follows:

**§ 120.842 ALP Express Loans.**

(a) *Definition.* For the purposes of this section, an ALP Express Loan means a 504 loan in an amount that is not more than \$500,000 and which is underwritten, approved, closed and serviced using the authorities set forth in this section.

\* \* \* \* \*

■ 4. Amend § 120.953 by revising paragraph (c) to read as follows:

**§ 120.953 Trustee.**

\* \* \* \* \*

(c) Hold in trust paper Debentures composing a Debenture Pool for the benefit of SBA and the Certificate holders;

\* \* \* \* \*

**Isabella Casillas Guzman,**  
*Administrator.*

[FR Doc. 2024–29706 Filed 12–17–24; 8:45 am]

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**DEPARTMENT OF COMMERCE**

**Office of the Secretary**

**15 CFR Part 3**

[Docket No. 241210–0320]

**RIN 0605–AA64**

**Implementation of HAVANA Act of 2021**

**AGENCY:** Department of Commerce.