

America's Small Business Resource



**LATEST NEWS FROM THE
SBA FINANCE DIVISION:**

**THANK YOU FOR A VERY PROSPEROUS FISCAL
YEAR 2004! The SBA North Florida District Office is
very excited to start Fiscal Year 2005 with our
lending partners!!!**

Please note the Policy Notice on the next 2 pages. This notice pertains to changes made in the SBA's 7(a) and 504 Loan Programs effective October 10, 2004. Thanks!!

FYI: The St. Petersburg Certified Development Corp. dba GulfCoast CDC has Changed its name to GulfCoast Business Finance, Inc. Established in 1982, it administers and services the SBA 504 Loan Program throughout the State of Florida.

Please note: The SBA has created a new goal for Fiscal Year 2005. the SBA is to count the number of "Start-Ups" that are financed with SBA guarantees. The definition of a "Start-Up" according to SBA is a business that is new in business up until it is in business for 6 months. More details to come soon!

Please see the attached SBA Policy Notice regarding changes to the 7(a) and 504 Loan programs. Any questions may be directed to the North Florida District Office at (904) 443-1933.

The purpose of this notice is to explain the changes to the 7(a) and 504 Loan Programs effective October 1, 2004. These changes are in part the result of Continuing Resolution H.J. Res. 107 (“CR”), which will be in effect until November 20, 2004, and the expiration of certain temporary statutory provisions.

7(a) Program

The following chart explains the changes in the guaranty fee, the lender annual service fee, and the commercial loan fee as follows:

<u>Fees</u>	<u>Through September 30, 2004</u>	<u>Beginning October 1, 2004</u>
<u>Guaranty Fee</u> (under 13 CFR 120.220(a))		
<u>Total Loan Amount</u> \$150,000 or less	1 percent (of SBA guaranteed portion)	2 percent (of SBA guaranteed portion). Lender is again permitted to retain 25 percent of the fee.
\$150,001 to \$700,000	2.5 percent	3 percent
\$700,001 +	3.5 percent	3.5 percent (no change)
<u>SBA-Guaranteed Portion of Loan Amount</u> \$1,000,001 to \$1,500,000	0.25 percent of the amount over \$1,000,000	No such fee (the fee, and the \$1.5 million limit on loan guarantee amount, both expired September 30, 2004)
<u>Lender Annual Service Fee</u> (under 13 CFR 120.220(f))	0.36 percent of the outstanding balance of the SBA guaranteed portion	0.50 percent of the outstanding balance of the SBA guaranteed portion
<u>Commercial Loan Fee</u> Combination Financing (created by Public Law 108-217 as of April 5, 2004)	0.7 percent of the amount of the commercial loan in a senior lien position	No such fee (Combination Financing expired on September 30, 2004).

On the above chart, the fees under the “Beginning October 1, 2004” column are effective for loans **approved** on or after October 1, 2004. The fees under the “Through September 30, 2004” column will be applied to all loans approved by SBA (which must include the issuance of a SBA loan number and obligation of SBA funds) through and including September 30, 2004.

Other Changes

7(a) Loan Guaranty Limit

The loan guaranty limit under section 7(a)(3)(A) of the Act was temporarily increased from \$1.0 million to \$1.5 million

(as a result of PL 108-217). This provision expired on September 30, 2004. As a result, beginning on October 1, 2004, the maximum guaranty permitted under this section is again \$1.0 million.

Combination Financing/Piggyback Financing

PL 108-217 also established a temporary new financing vehicle entitled “Combination Financing.” The financing was comprised of a loan guaranteed under the 7(a) Loan Program and a commercial loan not guaranteed by the Federal government. In most cases, the SBA guaranteed loan was subordinate to the commercial loan. PL 108-217 provided that if the commercial loan was in a senior lien position, the lender participant of the SBA guaranteed loan was required to pay SBA an additional fee of 0.7 percent of the commercial loan amount. The combination financing provisions expired on September 30, 2004, and as a result, beginning October 1, 2004, “Combination Financing” is not allowed. Any provisions concerning Combination Financing that were imposed by SBA Policy Notice No. 0000-1727 are no longer effective. In addition, SBA’s practice of allowing “piggyback financing”, as defined in SOP 50 10 (4), will be suspended effective October 1, 2004, until further notice.

SBAExpress

The maximum loan amount for SBAExpress loans was temporarily increased from \$250,000 to \$2 million (as a result of PL 108-217). This provision expired on September 30, 2004. Accordingly, the maximum loan amount for SBAExpress loans **approved** on or after October 1, 2004 is again \$250,000, as set forth in the SBAExpress program guide dated October 1, 2002.

New 7(a) Wizard

SBA has altered the current 7(a) Authorization Wizard Version 2004 with a revised “7a Wizard 2004.1.” 7a Wizard 2004.1 will be available on October 4, 2004, to Lenders and SBA personnel at SBA’s banking website at www.sba.gov/banking. Normally, there is a 30-day grace period for Lenders to incorporate the newest version of the wizard. However, beginning October 4, 2004, Lenders must use 7a Wizard 2004.1 in order to ensure that they are meeting the requirements for 7(a) loans that become effective October 1, 2004. For SBA, the 7a Wizard 2004.1 will automatically replace the 7a Wizard 2004 on SBA’s servers for use by the SBA field offices on Monday, October 4, 2004.

If you have any questions regarding the 7a Wizard 2004.1, please submit your questions to the 7(a) Authorization e-mail box at Auth-7a@sba.gov.

504 Fee Change

Each fiscal year, the on-going guaranty fee paid by 504 borrowers to SBA under 13 CFR 120.971(d)(2) is adjusted as part of the fee structure required to cover the costs of the 504 Program associated with loan defaults, and to keep the 504 Program at a zero subsidy rate. For loans approved in FY 2005, the on-going guaranty fee for 504 loans is 0.288 of one percent. This is a decrease from the FY 2004 fee of 0.393 of one percent.

SBA has notified Colson Services Corp. of this change.

Instructions to Manually Change the 504 Wizard

The on-going guaranty fee in the 504 Authorization “Wizard” must be changed by the user (whether SBA or the CDC) in order to reflect the correct fee. The wizard that is currently available has an on-going fee that will default to “0.393” in Paragraph B.6 of the 504 Authorization.

To set the on-going fee to the new value, first change the on-going guaranty fee to 0.288 in the “On-Going Guaranty Fee” Wizard panel of the Project Information Section. After inputting the above value, click on the “Default” button located in the same section. The value will then be set for all future 504 loan authorizations. Each user must set this default on their machine.

Loan Reports For North Florida as of September 30, 2004

Top 10 7(a) Lenders by Number of Loans Made for FY 2004 As of September 30, 2004

Lender Name	Number of Loans	Dollar Amount
BANK OF AMERICA, NATIONAL ASSOCIATION	429	\$ 14,031,100.00
CAPITAL ONE, FEDERAL SAVINGS BANK	122	\$ 5,575,000.00
INNOVATIVE BANK	108	\$ 721,000.00
BANCO POPULAR NORTH AMERICA	71	\$ 18,935,700.00
CIT SMALL BUSINESS LENDING CORPORATION	64	\$ 29,754,200.00
WACHOVIA BANK, NATIONAL ASSOCIATION	46	\$ 23,104,746.00
FIRST COAST COMMUNITY BANK	42	\$ 17,586,000.00
BANKFIRST	29	\$ 10,372,000.00
BANK OF PENSACOLA	23	\$ 7,456,000.00
COMERICA BANK	22	\$ 12,665,300.00

504 Lenders by Number of Loans Made for FY 2004 As of September 30, 2004

Lender	No. of Loans	Dollars
FLORIDA FIRST CAPITAL FINANCE CORPORATION, INC.	78	\$32,851,000.00
FLORIDA BUSINESS DEVELOPMENT CORPORATION	51	\$23,561,000.00
JACKSONVILLE ECONOMIC DEVELOPMENT COMPANY, INC.	33	\$ 9,767,000.00
BUSINESS DEVELOPMENT CORPORATION OF NORTHEAST FLORIDA, INC.	16	\$ 7,113,000.00
GULFCOAST BUSINESS FINANCE, INC.	5	\$ 3,590,000.00
Total:	183	\$76,882,000.00

North Florida District Office
Loan Activity by County for FY 2004
As of September 30 2004

County	Number of Loans	Dollar Amount
ALACHUA	37	\$ 5,085,500.00
BAKER	5	\$ 1,163,000.00
BAY	27	\$ 8,373,300.00
BRADFORD	3	\$ 241,400.00
CALHOUN	2	\$ 68,000.00
CITRUS	16	\$ 1,193,400.00
CLAY	30	\$ 7,963,800.00
COLUMBIA	13	\$ 2,636,500.00
DUVAL	248	\$ 53,593,453.00
ESCAMBIA	52	\$ 13,928,100.00
FLAGLER	26	\$ 3,852,300.00
FRANKLIN	1	\$ 15,000.00
GADSDEN	4	\$ 1,582,000.00
HAMILTON	1	\$ 140,000.00
HERNANDO	28	\$ 3,759,800.00
HOLMES	1	\$ 50,000.00
JACKSON	4	\$ 1,541,000.00
LAKE	53	\$ 8,293,900.00
LEON	42	\$ 9,822,000.00
LEVY	6	\$ 956,000.00
MADISON	1	\$ 10,000.00
MARION	30	\$ 11,065,000.00
NASSAU	39	\$ 12,545,400.00
OKALOOSA	19	\$ 4,252,900.00
ORANGE	415	\$ 78,626,950.00
PUTNAM	6	\$ 745,000.00
SANTA ROSA	15	\$ 4,964,200.00
SEMINOLE	137	\$ 24,877,100.00
ST. JOHNS	53	\$ 14,816,100.00
SUMTER	5	\$ 1,848,000.00
SUWANNEE	5	\$ 1,033,000.00
TAYLOR	3	\$ 715,600.00
VOLUSIA	83	\$ 14,782,200.00
WAKULLA	1	\$ 5,000.00
WALTON	9	\$ 3,884,000.00
WASHINGTON	2	\$ 671,000.00

Total: 1422 \$ 299,099,903.00