



Portland District Lenders' Update

December 2003

U.S. Small Business Administration | Portland District Office (PDO)
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SBA Basis Point Fee Computation

Because of the number of basis point fee overpayments, Colson Services Corporation has requested that lenders verify the accuracy of future fee remittances. Remittances are to be based on the following computations:

- For fully disbursed term loans, the fee is computed as follows:

Guarantee Portion Opening Balance¹ X
.50%² / Calendar Basis X # of Days
(For Example: \$750,000.00 X .005² / 360
X 30 = \$312.50)

- For partially disbursed term loans and loans with revolving features, the fee is computed as follows:

Guarantee Portion Interest Received X
.50%² / Interest Rate %
(For example: \$5937.50 X .005² / .095 =
\$312.50)

- ¹Guaranteed Portion Opening Balance =
Guaranteed Portion Principal / Guaranteed
Portion Closing Balance Reported

- ²For S.T.A.R. loans substitute the 50 basis points fee shown with the applicable 25 basis point fee

If there are questions, please contact the Colson Services Corporation customer service department at 877-245-6159 (toll free).

SBA Form 912, Statement of Personal History, Revised

Effective October 2003, lenders are to use the revised SBA Form 912.

The revised form adds a follow up to the citizenship question for those who indicate they are not a U.S. citizen, asking whether respondents are "lawful permanent resident aliens." As before, all non-U.S. citizens applying for SBA assistance would then continue to provide their alien registration number.

Please note that the term "lawful permanent resident alien" used in the revised SBA Form 912 is synonymous with the term "legal permanent resident" (LPR) as used in SOP 50 10 (4) starting on page 70.

The revised form is available to lenders at <http://www.sba.gov/library/forms.html>. Click on "Financial Assistance Forms". Questions should be directed to Joe Martinez at (503) 326-5214 or joe.martinez@sba.gov.

Additional Documents Required for Loans Involving Chevron

Contact your local SBA district office for documents that Chevron will need to execute for SBA loans involving Chevron franchises or Chevron as the seller of real estate. One document is a subordination and the other is an indemnification. One or both may apply to your loan. Contact Portland District Counsel Sue Pickgrobe, 503 326-5226 for further information and copies of the documents.

504 Job Creation Requirement Eased

As of November 6, 2003, the SBA made major changes to the 504 loan program.

The change with the most significance to the SBA lending community is the adjustment in the “job creation” requirement. The regulation states that a 504 project must create or retain one Job Opportunity per an amount of 504 funding that will be specified by SBA from time to time in a Federal Register notice. Heretofore, the minimum job requirement has been to create or retain one Job Opportunity per \$35,000.00 of 504 loan amount. Effective November 6, 2003 the project must create or retain one Job Opportunity for every \$50,000 guaranteed by SBA. With this change the 504 loan will become an even more desirable loan product for those projects that require long term fixed rate financing.

Those lenders interested in a 504 loan for their clients are requested to contact a Portland District Certified Development Company (CDC's). A list of the CDC's can be located via the Internet at www.sba.gov/or/financing.html. Click on Certified Development Companies.

Ten Good Reasons to be an SBA Express Lender

1. Delegated authority to commit a 50% guaranty on loans up to \$250,000.00.
2. I use mostly my own bank's procedures and loan documents.
3. Collateral is not required for loans of \$25,000.00 or less and I can use my bank's collateral policy for those in excess of \$25,000.00.
4. I can add the guaranty to a business credit card or line of credit.
5. I can charge prime plus 6.5% on loans up to \$50,000.00 and prime plus 4.5% for those exceeding \$50,000.00.

6. SBA does not re-analyze the credit; SBA's role is limited to eligibility issues.
7. Loans are centrally processed in Sacramento, California, usually instant SBA response, 24 hours assured.
8. Loans may be sold on the secondary market.
9. Allows a non-preferred lender to become an SBA Express Lender.
10. SBA will immediately purchase defaulted loans with balances of \$50,000.00 or less.

Authorization Wizard and Word 97 Compatibility

After Microsoft stops supporting Word 97 (expected in January, 2004), Word 97 may become incompatible with SBA's new Wizard software, Visual Basic for Applications (VBA), currently used in the 7a authorization Wizard Version 2003 and soon to be used for all of the SBA wizards. If you have Word 97 software for your word processing, you should seriously consider getting a standalone computer with a new version of Word in order to continue to use the SBA Wizards.

See SBA's Lenders' Newsflash #33 for more details.

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