



# SBA Procedural Notice

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**TO:** All Employees

**CONTROL NO.:** 5000-1191

**SUBJECT:** Microloan Program Waivers under  
the Small Business Jobs Act  
(PL 111-240)

**EFFECTIVE:** 1/4/2011

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## Background

On September 27, 2010, the Small Business Jobs Act of 2010 (SBJA) became law (Public Law 111-240). The law provides SBA, at §1401(a)(1)(C)(ii), the authority to waive, in whole or in part, the requirement for Microloan Program intermediaries to provide matching funds against loan funds borrowed from the SBA under the Microloan Program. The law also provides SBA, at §1401(a)(2)(B)(ii), the authority to waive, in whole or in part, the requirement for Microloan Program intermediaries to provide matching funds against grant funds provided to them for training and technical assistance of microborrowers and prospective microborrowers. The new law identifies several statutory factors that SBA must consider in determining whether to waive match requirements: the economic conditions affecting the intermediary; the impact of such waivers on the credibility of the microloan program; the demonstrated ability of the intermediary to raise non-Federal Funds; and the performance of the Intermediary.

### **Waiver of Match against Loans to Microloan Intermediaries Not Implemented**

SBA has carefully weighed the new authority to waive matching funds against loan dollars, taking into consideration all of the statutory factors. Also considered were statutory incongruities that allow for a reduction in the match, but not a reduction in the required collateral; the increased risk associated with a reduction in local contribution to the lending pool; the ultimate effect on intermediaries and the Program as the waiver period comes to a close; and the anticipated availability of future funding. After full consideration, SBA has determined that allowing waivers against loan dollars (§1401(a)(1)(C)(ii)) would undermine the credibility of the Microloan Program and therefore this waiver process will not be implemented.

### **Waiver of Match against Grants to Microloan Intermediaries**

Pursuant to section 1401(a)(2)(B)(ii), SBA's authority to waive, in whole or in part, the required matching contribution against Microloan Program grant dollars was also considered. SBA has determined that it will consider waiver requests against FY2011 grant funds and will separately consider waiver requests against FY2012 grant funds for any intermediary submitting a request provided:

(A) The request is for a single year only.

(B) The request stipulates why a waiver is needed and to what extent the intermediary's ability to raise non-Federal matching funds for its technical assistance and training (TA) program has

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**EXPIRES:** 1/1/2012

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been negatively affected by the economic downturn of FY2009 and FY2010. The request should include:

1. a statement indicating the matching fund percentage being requested. No waiver will be for more than one-half of the normal matching contribution. Thus, each intermediary will be required to provide a matching contribution of not less than 12.5% of the amount of each grant.
2. a statement indicating the amount of private sector contributions (cash or in-kind) raised for use in the Microloan Program during the three years previous to the request,
3. the anticipated amount and sources of non-federal funds attainable by the intermediary during the year of the waiver request,
4. a statement regarding the economic conditions affecting the intermediary at the time of the request, and
5. a statement regarding the intermediary's ability to continue training and technical assistance programming should its program budget be reduced as a result of the waiver. The statement should include information regarding how the intermediary will institute efficiencies to allow it to accomplish the same amount of work with a reduced program budget.

SBA will consider the intermediary's history and current level of compliance with reporting and other program requirements; its historic use of grant funding including the provision of technical assistance and training and the ability to meet training milestones in previous years; and the status of its most recent annual audit. SBA will determine, on a case by case basis, whether or not to grant a waiver to an intermediary and the amount or percentage of the waiver to be granted.

No waiver will be extended beyond the quarter ending on September 30, 2012.

Waivers will not be granted to entities entering the Microloan Program during Fiscal Years 2011 or 2012.

### **Sunset**

SBA does not have authority to waive matching requirements for Fiscal Year 2013 or any fiscal year thereafter.

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Director  
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