



SBA Information Notice

TO: All SBA Employees and Lenders

CONTROL NO.: 5000-818641

SUBJECT: 7(a) Fees Effective October 1, 2021

EFFECTIVE: September 7, 2021

Each year SBA reviews certain fees payable to SBA by 7(a) Lenders (“Lenders”) and borrowers to determine the appropriate fees to manage the estimated costs of the 7(a) loan program.¹

This Notice announces (1) the annual service fee (also known as the “on-going guaranty fee”) and the upfront guaranty fee for 7(a) loans for fiscal year 2022 (FY2022), and (2) the exceptions to those fees authorized for FY2022 for the 7(a) loan program.

FY2022 Annual Service and Upfront Guaranty Fees for 7(a) Loans

The following fees are effective for all 7(a) loans approved October 1, 2021, through September 30, 2022:

1. Annual Service Fee: The annual service fee will be

- a) For loans of \$350,000 and less: 0.00%.
- b) For loans of \$350,001 up to and including \$1,000,000: 0.49% of the guaranteed portion of the outstanding balance of the loan.
- c) For loans over \$1,000,000: 0.55% of the guaranteed portion of the outstanding balance of the loan.

Lenders must manually adjust this fee in the current Authorization Wizard.

2. Upfront Guaranty Fee: Except for Export Working Capital Program (EWCP) loans and SBA Express loans made to veteran-owned businesses, as defined in the attachment to this Notice, the upfront guaranty fee will continue to depend on the loan amount and the maturity of the loan.

- a) For loans with a maturity that exceeds 12 months, the upfront guaranty fees are:
 - i) For loans of \$350,000 or less: 0.00%.

¹ Fees are effective for the entire fiscal year to maintain the estimated costs of the program unless subsequent Congressional acts modify the program’s effective subsidy costs.

- ii) For loans of \$350,001 to \$700,000: 2.77% of the guaranteed portion.
 - iii) For loans of \$700,001 to \$1,000,000: 3.27% of the guaranteed portion.
 - iv) For loans of \$1,000,001 to \$5,000,000: 3.5% of the guaranteed portion up to \$1,000,000, plus 3.75% of the guaranteed portion over \$1,000,000.
- b) For loans with a maturity of 12 months or less, the upfront guaranty fees are:
- i) For loans of \$350,000 or less: 0.00%.
 - ii) For loans greater than \$350,000: 0.25% of the guaranteed portion.

When two or more SBA-guaranteed loans for an applicant (including its affiliates) are approved within 90 days of each other, the guaranty percentage and guaranty fee are determined based on the aggregate amount of the loans. Lenders are not permitted to split loans for the purpose of avoiding fees. This rule applies regardless of whether the loans were approved by the same or different 7(a) Lenders. This represents no change to current policy.

Additionally, The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) (P.L. 116-260) modified fees in FY 21 and for SBA Express provided a 75% guaranty for a loan up to \$350,000 and a 50% guaranty for loans greater than \$350,000 up to \$1,000,000² thru September 30, 2021, subject to availability of funds. If an applicant (including its affiliates) receives a loan within 90 days, the Lender must consider the guaranty percentage allocation where the second loan may be ineligible to obtain an SBA guaranty, regardless of the loan processing method.

For guidance on when all 7(a) loan fees are due, see SOP 50 10 6, Part 2, Chapter 5, Paragraph C.

3. Additional Guaranty Fee for Extensions of Short-Term Loans

When the maturity of a short term 7(a) loan greater than \$350,000 is extended beyond 12 months, an additional guaranty fee is due. In addition, as stated in paragraph 4 below, when an EWCP loan greater than \$350,000 with an original maturity of up to 24 months is extended beyond the original maturity date and up to 36 months, an additional guaranty fee is due. Lenders may contact the appropriate SBA CLSC (or the Office of International Trade for EWCP loans) for assistance. The additional fee must be paid electronically to SBA within 30 days from the date the Lender agrees to the extension, or the total loan guaranty will be cancelled. The Lender may charge the additional fee to the Borrower after the Lender has notified SBA that the maturity has been extended and has paid the additional guaranty fee.

4. Upfront Guaranty Fee for EWCP Loans of any Size (up to \$5 million maximum):

² Pursuant to the Economic Aid Act, effective October 1, 2021, the SBA Express loan guaranty limit reverts back to 50 percent, and the maximum SBA Express loan amount will be permanently changed to \$500,000. The FY21 maximum guaranty amount for SBA Express loans was \$262,500 for loans of \$350,000 or less and \$500,000 for loans greater than \$350,000.

- a) For EWCP loans of \$350,000 or less, regardless of maturity, the upfront guaranty fee is 0.00%;
- b) For EWCP loans greater than \$350,000 with a maturity of 12 months or less, the upfront guaranty fee shall be 0.25% of the guaranteed portion;
- c) For EWCP loans greater than \$350,000 with a maturity between 13 months and 24 months, the upfront guaranty fee is 0.525% of the guaranteed portion;
- d) For EWCP loans greater than \$350,000 with a maturity between 25 months and 36 months, the upfront guaranty fee is 0.80% of the guaranteed portion.

When an EWCP loan greater than \$350,000 with an original maturity of up to 24 months is extended beyond the original maturity date and up to the maximum EWCP maturity of 36 months, an additional guaranty fee is due to SBA. The Lender must pay SBA the difference in the upfront guaranty fee originally paid and what the fee would have been if initially approved at the new longer maturity.

For example, if an EWCP loan greater than \$350,000 is originally approved with a 24-month maturity and the maturity is extended to 36-months, the guaranty fee due to SBA is then increased from 0.525% of the guaranteed portion to 0.80% (guaranty fee for EWCP loans with maturities of 25 months up to 36 months) of the guaranteed portion of the EWCP Loan. Therefore, the lender must remit to SBA the additional guaranty fee due of 0.275%, or the updated guaranty fee due of 0.80%, less the 0.525% for the guaranty fee already paid.

5. Additional Guaranty Fee for Loan Increases

When a 7(a) loan is increased, additional appropriations are committed, and an additional guaranty fee is due. The additional fee is based on the rules in effect at the time the loan was originally approved.

- a) The amount of the additional guaranty fee due for an increase will equal what the guaranty fee would have been if the increase was part of the original loan amount, less the amount of the original fee (if already remitted). For example: If a 7(a) loan in the amount of \$350,000 with a 75% guaranty is approved in FY 22 and is increased to \$400,000, the amount of the guaranty fee due to SBA is subsequently increased from \$0 to \$8,310, or 2.77% of the total guaranteed portion.
- b) The additional guaranty fee associated with the increase must be paid electronically within 30 days from the date the increase was approved, or the total loan guaranty will be cancelled.
- c) On loans that have been initially disbursed, the guaranty fee associated with any increase approved by SBA must be paid to SBA, whether the increase is subsequently cancelled.
- e) In FY 2022, SBA will be unable to approve increases to 7(a) loans that were approved from December 27, 2020 through September 30, 2021. The Economic Aid Act provided for higher guaranty percentages and fee reductions for eligible 7(a) loans as described in [Information Notice 5000-20084](#). [These authorities](#) expire on September 30, 2021. After the expiration of these authorities, a request by a borrower for additional funding on a

7(a) loan approved during the foregoing time period must be submitted as a new loan application.

See SOP 50 10 6 Part 2, Section A, Chapter 6 for more information on additional guaranty fees for loan increases.

6. Upfront Guaranty Fee for SBA Express Loans Made to Veteran-owned Small Businesses:

For all SBA Express loans made to veteran-owned small businesses, the upfront guaranty fee will be zero in accordance with section 7(a)(31)(G) of the Small Business Act (15 U.S.C. § 636(a)(31)(G)).

Lenders must document in their loan file the veteran eligibility for fee relief using the documentation in the Attachment to this Notice and must include a copy of that documentation with any guaranty purchase request.

There is no additional fee relief available for 7(a) loans approved in FY2022.

Questions

Questions concerning this Notice may be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

Dianna L. Seaborn
Director
Office of Financial Assistance

Attachment

Attachment to SBA Information Notice 5000-818641

SBA Veteran Qualifications

In order to qualify for the fee relief, set forth in section 7(a)(31)(G) of the Small Business Act, as discussed in this Notice, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the following groups:

- Veterans (other than a veteran who received a Dishonorable or Bad Conduct Discharge);
- Service-Disabled Veterans;
- Active Duty Military service member participating in the military's Transition Assistance Program (TAP);
- Reservists and National Guard Members; or
- Current spouse of any Veteran, Active Duty service member, or any Reservist or National Guard member; or widowed spouse of a service member who died while in service or of a service-connected disability.

SBA Veteran Documentation Requirements

- Veteran: Copy of Form DD 214, which is provided for other than dishonorably discharged veterans.
- Service-Disabled Veteran: Copy of Form DD 214 or documentation from the DVA that the veteran has been determined as having a service-connected disability.
- Transitioning Active-Duty Military Member: DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and DD Form 2648 (Active-Duty Military member) or DD Form 2648-1 (Reserve Component member).
- Reservists and National Guard: DD Form 2, Armed Forces of the United States Identification Card (Reserve).
- Current Spouse of Veteran: The veteran's Form DD 214 and evidence of status as a current spouse.
- Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member: DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card, and evidence of status as the current spouse.
- Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service-connected disability: Documentation from DOD or from DVA clearly showing this to be the case.

Acceptable Alternatives

If the veteran's Form DD 214 is unavailable, a "*Certification of Military Service*" (NA Form 13038) is an acceptable equivalent.

For any category listed above that requires a photocopy of a military ID, as an alternative to photocopying the military ID, the service member may provide a "statement of service" signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to. There is no one unique form used by the military for a statement of service. While statements of service are typically on military letterhead, some may be computer-generated. The statement of service must clearly show:

- 1) The Service member's full name;
- 2) The Service member's Social Security Number (SSN) or the last 4 digits of SSN;
- 3) The entry date on active duty or the entry date of applicant's Reserve/Guard duty, as applicable (depending on whether the applicant is on active duty or is a current member of the Reserves or National Guard);
- 4) The duration of lost time, if any (for active duty); and
- 5) The name of the command providing the information.

Note for Current Reserve/Guard Members: The statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).