



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1252

SUBJECT: Revision to SOP 50 10 5(E) –
Areas that may be Included as
Rentable Property

EFFECTIVE: 9-26-2012

This Information Notice announces a revision to Standard Operating Procedure (SOP) 50 10 5(E) regarding the areas of a borrower's business property that may be included in calculating the total square footage of Rentable Property for purposes of SBA's business loan programs.

Under SBA regulations, a Borrower may lease up to 49% of the Rentable Property when the property being financed is an existing building if the Borrower permanently occupies and uses no less than 51% of the Rentable Property. In the case of new construction, a Borrower may lease up to 20% of the Rentable Property permanently if the Borrower uses no less than 60% of the Rentable Property and plans to permanently occupy and use some of the remaining space within three years and permanently occupy and use the remaining space not permanently leased within ten years. (13 CFR §§120.131 and 120.870) SBA has historically excluded all exterior space in such calculations. Based upon reviews of several recent examples, however, SBA has determined that some exterior space may be actively used in the operation of certain types of businesses and, therefore, should be permitted to be included in the calculation of the total square footage of Rentable Property for such businesses.

Effective October 1, 2012, the description of the areas that may be included in the calculation of the total square footage of Rentable Property has been revised in SOP 50 10 5(E), Subpart B, Chapter 2, Paragraphs IV.F.2 and 3 and Subpart C, Chapter 2, Paragraphs III.H.6.b)(2) and (3) to read as follows:

2. "Rentable Property" is the total square footage of all buildings or facilities used for business operations (13 CFR 120.10) excluding vertical penetrations (stairways, elevators, and mechanical areas that are designed to transfer people or services vertically between floors), and including common areas (lobbies, passageways, vestibules, and bathrooms). Rentable property may also include exterior space (except parking areas) that is actively used in Borrower's business operations. Examples of exterior space that is actively used in Borrower's business operations include: outdoor storage yards for general contractors, trucking companies, and moving and storage companies; or boat slips and docks for marinas.

3. Lender/CDC must document in its loan file the basis for determining that the exterior space is actively used in Borrower's business operations.

EXPIRES: 9-1-13

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SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

An updated version of SOP 50 10 5(E) incorporating these changes will be posted on SBA's website at www.sba.gov. As with previous editions of SOP 50 10 5, SBA will post two versions on the website. The first version will show all changes as "tracked changes" and the second will incorporate all changes.

Additional Information

Lenders, CDCs and other interested parties may continue to send suggestions concerning the SOP to SBA at SOP50-10Modernization@sba.gov. This e-mail box is set up to receive only.

Questions regarding this Notice should be directed to Linda Reilly at linda.reilly@sba.gov or the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/about-offices-list/2.

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