



SBA Information Notice

TO:	All SBA Employees	CONTROL NO.:	5000-1294
SUBJECT:	Clarification of Fee Reductions for 7(a) Loans of \$150,000 or Less in FY2014	EFFECTIVE:	12/12/13

The purpose of this Notice is to provide clarification of the FY2014 reduction in the fees for all 7(a) loans of \$150,000 or less that was announced on September 24, 2013, in SBA Information Notice 5000-1288.

As set forth in SBA Information Notice 5000-1288, all 7(a) loans approved for \$150,000 or less in FY2014 will have a zero fee for both the yearly fee (also known as the ongoing servicing fee) *and* the upfront guaranty fee. Because lenders will be charged a zero percent upfront guaranty fee, they may not charge a guaranty fee to the borrower on such loans. Lenders may approve multiple loans up to and equaling \$150,000 and will be charged a zero percent guaranty fee and a zero percent yearly fee on each of those loans. **However, any loan approved within 90 days of a zero fee loan (with a maturity that exceeds 12 months) that results in an aggregate amount of loans greater than \$150,000 will be charged the appropriate guaranty fee and yearly fee on the subsequent loan.**

For example, if a lender approves two loans of \$50,000 each to the same borrower, there will be a zero guaranty fee and a zero yearly fee on each of those loans. If the lender were to approve a third loan of \$100,000 to the same borrower within 90 days, the lender would be charged the applicable guarantee fee as well as the yearly fee on the \$100,000 loan as a result of aggregated loans totaling more than \$150,000. Similarly, a lender may approve one single loan of \$150,000 to a borrower and be charged a zero guaranty fee and a zero yearly fee on that loan. Any subsequent loans approved within 90 days to that same borrower would require payment of the applicable guaranty and yearly fees. (Loans with a maturity of 12 months or less will not be included in these calculations.)

SBA field offices must notify Lenders and CDCs about the fees. Questions concerning this Notice should be directed to 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.

Linda S. Rusche
Director
Office of Financial Assistance