

SBA Loan Program Updates & Clarifications

*****SESSION TWO*****

*Presented By:
Mike Fazio & Ellie Berg
SBA Milwaukee District Office*

What Will Be Covered

- Fee Changes Effective October 1, 2013
- Discontinued Loan Programs
- Veterans Loan Program
- SOP 50 10 5 Changes Effective January 1, 2014
 - SOP 50 10 5 (F) SubPart B Chapters 5 & 6

Fees Effective October 1, 2013

- **7(a) Loans Over \$150,000**
 - Yearly (On-Going) Fee Reduced to .52%
 - Upfront Guaranty Fee – No Change
- **7(a) Loans \$150,000 or Less**
 - No Upfront Guaranty Fee
 - No On-Going Fee
 - Must Aggregate Approvals Within 90 Days

Discontinued Loan Programs

- Dealer Floor Plan
Expired September 30, 2013
- Small/Rural Lender Advantage
Expires December 31, 2013
- Patriot Express
Expires December 31, 2013

Veterans Loan Program

- Starts January 1, 2014
- Authorized Under SBA Express Loan Program
- Loans Up To \$350,000
- No Borrower Upfront Fee
- No Ongoing Fee To Lender Up To \$150,000

SOP 50-10-5 (F)

- **Changes/Clarifications to 7(a) Loan Policies Effective January 1, 2014**
 - Authorization (SubPart B Chapter 5)
 - Application (SubPart B Chapter 6)
 - Delivery Methods
 - Contents
 - Submission

7(a) Policy Updates – Authorization

- If there is any conflict between the Boilerplate and the SOP, the SOP supersedes the Boilerplate (reversing prior policy).
- For hazard insurance, in states that require coverage on additional hazards, borrower must provide a separate policy.

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7(a) Policy Updates - Authorization

- **Life Insurance (page 188)**
 - For 7(a) loans under \$350,000, lenders may use own policy for similar loans
 - For standard 7(a) loans over \$350,000 lenders may use own policy for similar loans except when business is dependent on a sole owner
 - The amount and type of collateral can be factored into the determination of the insurance amount

7(a) Policy Updates - Authorization

- **Lender must obtain IRS tax transcripts and verify financial information (Page 189)**
 - Non-delegated: prior to submission of the application to the LGPC
 - Delegated: prior to first disbursement
- **Construction loan provisions (Page 192)**
 - NEHRP provision automatically inserted in boilerplate if proceeds use for construction

7(a) Policy Updates - Application Delivery Methods (Page 196 – 204)

All applications for SBA loans must be submitted through E-Tran beginning January 1, 2014

7(a) Policy Updates - Application Methods (Page 196)

Delivery

The different application methods are:

1. Standard 7(a) Guaranty (includes Certified Lender Program)
 - Loans up to and including \$350,000 (SLA)
 - E-Tran and [SendThisFile](#) or slaloans@sba.gov
 - Loans over \$350,000 to \$5,000,000
 - E-Tran and [SendThisFile](#)
2. Preferred Lender Program (*delegated*) – E-Tran
 - Loans up to and including \$350,000 (SLA)
 - Loans over \$350,000 to \$5,000,000

7(a) Policy Updates - Application Methods

Delivery

3. SBA Express (*delegated*) – E-Tran
 4. Export Express (*delegated*) – E-Tran
 5. Community Advantage – E-Tran and SendThisFile
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Contents of Lender's Application

- **Non Express Loans \$350,000 or Less**
 - Follow existing SLA application process and documentation
 - All loans must be SBA credit scored through E-Tran prior to submission/approval
 - DUNNS number will now be required (find or apply for it at <http://mycredit.dnb.com/search-for-duns-number/>)
- **Non Express Loans \$350,000 or More**
 - Follow existing SLA application process except credit scoring
 - Documentation required is the same as in SOP 50 10 5(E) except business financial statements and/or tax returns must be dated within 180 days prior to submission to SBA
- **No change for SBA Express Loans**

Contents of Lender's Application

All SBA Guaranty Loan Applications will utilize: SBA Form 1919 (Borrower) and SBA Form 1920SX (Lender)

- SBA Form 1920SX will be revised prior to 1/1/2014 to contain all information on current SBA Form 1920SX B&C
- SBA Form 4 and SBA Form 4i will be discontinued

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Contents of Lender's Application

- **SBA Form 1919 must be completed and signed by the following:**
 - For a sole proprietorship, the sole proprietor;
 - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the firm;
 - For a corporation, all owners of 20% or more of the corporation and each officer and director;
 - For limited liability companies (LLCs), all members owning 20% or more of the company and each officer, director, and managing member;
 - Any person hired by the business to manage day-to-day operations
 - Any person guaranteeing the loan, if that guaranty is required by SBA

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Contents of Lender's Application

- **SBA Form 1919, continued**
 - New form includes the certifications and requirements previously set forth in SBA Forms 601, 912, 1261, and 1624.
 - Also follow all requirements imposed by laws and executive orders
 - Reminder – A 912 form must be obtained (and fingerprint cards if required) if applicant answers “yes” to questions 2, or 3 and the clearance procedures must be completed before the application can be accepted for processing (as outlined in this SOP). If applicant answers “yes” to question 1, the loan is ineligible.
- Form 601 required if construction costs will exceed \$10,000.
- Form 159 required if applicant paid a fee for the application processing or referral to lender.

Where to Submit Applications for Guaranty

Standard 7(a), CLP and CapLines (non-delegated) applications must be sent via E-Tran or to the 7(a) Loan Guaranty Processing Center (“LGPC”) electronically.

Email:

7aloanprogram@sba.gov (if attachments are <9 megabytes)

Website:

<http://www.sba.gov/aboutsba/sbaprograms/elending/lgpc/index.html>
click on “Submit 7(a) Document Here” or “sendthisfile.com”

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