



# SBA Information Notice

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<b>TO:</b>	All SBA Employees	<b>CONTROL NO.:</b>	5000-1318
<b>SUBJECT:</b>	7(a) and 504 Fees Effective October 1, 2014	<b>EFFECTIVE:</b>	9/18/14

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Each year SBA reviews certain fees payable to SBA by 7(a) participating lenders (“Lenders”), Certified Development Companies (“CDCs”), and borrowers to determine if any of those fees need to be adjusted to cover estimated subsidy costs of the 7(a) and 504 loan programs. This Notice announces the FY 2015 yearly fee (also known as the “on-going guaranty fee” or the “annual service fee”) and upfront guaranty fee for all 7(a) loans, including a reduction in the upfront guaranty fee and the yearly fee for all 7(a) loans in the amount of \$150,000 or less. These fees are effective for 7(a) loans approved October 1, 2014 through September 30, 2015. Additionally, this Notice announces that there are no changes to fees for 504 loans approved during FY2015.

A separate notice providing information about reduced fees for certain 7(a) loans approved under SBA Veterans Advantage is also being issued.

## **For 7(a) loans greater than \$150,000 approved in FY2015:**

1. The yearly fee will be 0.519 percent (51.9 basis points) of the guaranteed portion of the outstanding balance of the loan. Lenders will need to manually adjust this fee in the current Authorization Wizard.
2. 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 applicable guaranty fees remain:
    - For loans of \$150,001 to \$700,000: 3% of the guaranteed portion
    - For loans of \$700,001 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 guaranty fee remains 0.25% of the guaranteed portion.
3. For guidance on when these fees are due, see SOP 50 10 5(F), Subpart B, Chapter 3.

## **For 7(a) loans in the amount of \$150,000 or less approved in FY2015:**

1. Both the yearly fee *and* the upfront guaranty fee will be zero. As the fees charged to the lenders will be zero, lenders may not charge a guaranty fee to the borrower in connection with these loans. Lenders will need to manually adjust these fees in the current Authorization Wizard.
2. If two or more SBA-guaranteed loans are approved within 90 days of each other, the guaranty fee is determined based on the aggregate amount of the loans. **This represents no change to current policy.** Thus, if the total amount of multiple loans approved within 90 days is greater than \$150,000,

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**EXPIRES: 9/1/15**

**PAGE 1 of 2**

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

the normal fees will apply. NOTE: Lenders are not permitted to split loans for the purpose of avoiding fees.

**For 504 loans approved during FY2015:**

There are no changes to the fees on these loans. The annual fee continues to be 0.9375 percent (93.75 basis points) of the outstanding balance of the loan, and the one-time guaranty fee continues to be 0.50% (50 basis points).

**Notification and Questions**

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](http://www.sba.gov/about-offices-list/2).

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Director  
Office of Financial Assistance