



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1092

SUBJECT: Issuance of SOP 50 10 5(A) - Lender
and Development Company Loan
Programs

EFFECTIVE: 2/6/2009

The purpose of this notice is to announce the publication of the first update to SOP 50 10 5(A). The first update to the SOP will be known as SOP 50 10 5(A) and will be effective March 1, 2009.

On June 6, 2008, SBA Information Notice No. 5000-1057 announced the issuance of SOP 50 10(5). SOP 50 10 covers 7(a) and 504 loan processing as well as the requirements to become and remain a 7(a) lender (Lender) or a Certified Development Company (CDC). It was completely re-written in order to develop a more concise version of the SOP that is up to date and user-friendly. The effective date of SOP 50 10(5) was August 1, 2008.

When SBA issued SOP 50 10(5), the Agency explained how it would update the SOP in the future:

“SBA plans to update the SOP every six months. This version of the SOP includes policy changes implemented prior to January 1, 2008. We expect the initial update to include program enhancements related to Small/Rural Lender Advantage and Community Express, as well as other program modifications implemented in the past five months.”

The updated SOP 50 10(5) has been re-numbered as SOP 50 10 5(A) to differentiate it from the previous version. In addition, SBA is posting the revised SOP in two versions. The first version will show all changes as “tracked changes” to enable users to more easily identify what has been modified. (As a note, the Table of Contents has been updated but, for ease of viewing, those changes are not shown.) The second version incorporates all of the changes into the document. A version of the SOP that includes an Index will be posted at a future date.

The changes identified in SOP 50 10 5(A) incorporate those policy or procedural notices, as well as regulation changes, governing 7(a) and 504 loan processing that were published between January 1, 2008 and December 31, 2008. Finally, SBA reviewed and considered the requests for modifications sent to the SOP mailbox (SOP50-10Modernization@sba.gov). Many of those requests have been adopted as well.

In summary, here is a list of the more important changes made:

- All policy and procedural notices between January 1, 2008 and December 31, 2008 were added to the SOP;

EXPIRES: 2/1/2010

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Must be accompanied by SBA Form 58

- Small/Rural Lender Advantage was added (language was incorporated directly from Notices 5000-1045 and 5000-1056);
- Community Express was added (language was incorporated directly from Notice 5000-1068);
- Added LIBOR plus 300 basis points as a base rate and modified the guidance on selecting the initial note rate (language was incorporated directly from Notices 5000-1081 and 5000-1082);
- Added specific guidance on the financing of good will;
- Modified guidance on debt refinancing;
- Clarified guidance on working capital documentation;
- Modified guidance on environmental provisions and appendices;
- Modified guidance on post-construction certification requirement;
- Modified guidance on business valuations;
- Clarified that CDCs must issue a finding of no adverse change no earlier than 7 days prior to the submission of the closing package to the SBA field office; and
- Updated regulation references to incorporate the Lender Oversight Program Interim Final Rule that became effective 1-12-09.

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 SOP 50 10 5(A) should be directed to the lender relations specialist in the local SBA field office.

Eric R. Zarnikow
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