



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, DC 20416

April 8, 2011

Dear SBA Partners:

It is still possible that the Administration and Congress will reach a compromise that will avoid a lapse in federal government funding. However, prudent management requires that we plan for an orderly shutdown should Congress be unable to pass a funding bill by the end of the day on Friday, April 8th. **Please read this message carefully, as it contains several critical pieces of information.**

**Should Congress be unable to pass a funding bill, the SBA will stop approving all new business loans in the 7(a) and 504 loan programs at 11:59 PM on Friday, April 8.** This includes loans submitted under delegated authority. Lenders may continue to submit loans to the SBA, but none will be approved until a funding bill is signed by the President.

In the event of a lapse in appropriations, most SBA servicing and liquidation processing centers will also shut down. (However, liquidation activities related to the 504 loan program and to 7(a) loans that SBA has already purchased will not be shut down.) Previously scheduled lender oversight reviews, including Dealer Floor Plan reviews, will be postponed and re-scheduled as soon as a funding bill is passed.

Certain tools and services that do not require continued appropriations will, however, continue to operate as planned. These include:

- **The agency's electronic E-Tran tool**, which will remain operational. Lenders may submit loans for approval with the understanding that SBA will not fund any loans until a funding bill is signed by the President. Lenders may also submit unilateral servicing actions that do not require new funds; any servicing actions that require SBA approval, however, will not be completed.
- **The agency's fiscal transfer agent, Colson Services**, which will continue to operate. Any functions normally handled by Colson Services will continue, including sales on the secondary market and the submission of Form 1502. Any actions, however, that require SBA approval—such as sales on the secondary market in which there are discrepancies between a lender's data and Colson's—will not be completed.

In addition, the agency's microloan program will shut down; SBA microlenders may, however, continue to issue loans to small businesses using previously disbursed funds. Finally, the agency's surety bond program will shut down for all surety companies in the Prior Approval program (though not those in the Preferred program).

As the budget situation continues to evolve, please know that Administrator Mills and I are committed to providing you with the latest information about a possible shutdown and the impact it would have on you. Thanks so much for your hard work and please stay tuned for more information.

Sincerely,

Steven J. Smits  
Associate Administrator  
Office of Capital Access