



SBA Information Notice

TO: All Employees

CONTROL NO.: 5000-1288

SUBJECT: 7(a) and 504 Fees Effective on
October 1, 2013

EFFECTIVE: 09/24/13

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. The purpose of this Notice is to announce a reduction in the FY2014 yearly fee (also known as the “on-going guaranty fee” or the “annual service fee”) for all 7(a) loans and a reduction in the upfront guaranty fee for all 7(a) loans in the amount of \$150,000 or less. Additionally, this Notice announces that there are no changes to fees for 504 loans approved during FY2014.

For 7(a) loans greater than \$150,000 approved in FY2014:

1. The yearly fee will be 0.52 percent (52 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 that are over \$150,000, the guaranty fee remains 0.25% of the guaranteed portion.
3. For guidance on when these fees are due, see SOP 50 10 5(E), Subpart B, Chapter 3, Paragraph V and VI.

For 7(a) loans in the amount of \$150,000 or less approved in FY2014:

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.

EXPIRES: 09/01/14

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

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. Thus, if the total amount of multiple loans approved within 90 days is greater than \$150,000, the normal fees will apply. NOTE: Lenders are not permitted to split loans for the purpose of avoiding fees.

For 504 loans approved during FY2014:

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.

Michael A. Simmons
Acting Director
Office of Financial Assistance