



# SBA Information Notice

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<b>TO:</b>	All SBA Employees	<b>CONTROL NO.:</b>	5000-1352
<b>SUBJECT:</b>	7(a) and 504 Fees Effective October 1, 2015	<b>EFFECTIVE:</b>	September 28, 2015

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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 FY16 annual service fee (also known as “on-going guaranty fee”) and upfront guaranty fee (also known as “upfront guaranty fee”) for all 7(a) loans, including a reduction in the upfront guaranty fee and the annual service 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, 2015 through September 30, 2016. This Notice also announces a reduction to the annual and guaranty fees for 504 loans approved during FY16.

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

## **For 7(a) loans greater than \$150,000 approved in FY16:**

1. The annual service fee will be 0.473 percent (47.3 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 (unchanged from FY15).
  - 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(H), Subpart B, Chapter 3.

## **For 7(a) loans in the amount of \$150,000 or less approved in FY16 (unchanged from FY15):**

1. Both the annual service fee *and* the upfront guaranty fee will be zero. Since the fees charged to the lenders will be zero, lenders may not assess a guaranty fee to the borrower in connection with these loans. Lenders will need to manually adjust these fees in the current Authorization Wizard.

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**EXPIRES: 9/1/16**

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SBA Form 1353.1 (12-93) 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. This represents no change to current policy. 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 FY16:**

The one-time guaranty fee that SBA is authorized to charge 504 borrowers will be reduced to zero in FY16. The annual fee is reduced to 0.914 percent (91.4 basis points) of the outstanding balance of the loan.

**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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John M. Wade  
Acting Director  
Office of Financial Assistance