



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1390

SUBJECT: Fees for 7(a) Loans Made to Veteran Owned Small Businesses Effective October 1, 2016

EFFECTIVE: September 28, 2016

The purpose of this Notice is to announce the fees payable on 7(a) loans made to veteran-owned small businesses that are approved October 1, 2016 through September 30, 2017.

Upfront Guaranty Fees in FY2017

1. Loans of \$150,000 or less: For all 7(a) loans, including to veteran-owned small businesses in the amount of \$150,000 or less, the upfront guaranty fee will continue to be zero.
2. SBA Express Loans: For all SBA Express loans to veteran-owned small businesses, the upfront guaranty fee will be zero (because the subsidy rate for the 7(a) program for FY17 is zero).
3. SBA Veterans Advantage (non SBA Express Loans): The upfront guaranty fee for loans to veteran-owned small businesses for \$150,001 up to and including \$500,000 will be 50% less than the upfront guaranty fee for non-veteran owned small businesses as follows:
 - a. For loans with a maturity in excess of 12 months, the fee will be 1.5% of the guaranteed portion; and
 - b. For loans with a maturity of 12 months or less, the fee will be 0.125% of the guaranteed portion.
4. Loans of \$500,001 up to and including \$5,000,000: The upfront guaranty fees for 7(a) loans of \$500,001 up to and including \$5,000,000 made to veteran-owned small businesses will depend on the loan amount and the maturity of the loan as follows:
 - a. For loans with a maturity that exceeds 12 months, the applicable guaranty fees are:
 - For loans of \$500,001 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 is 0.25% of the guaranteed portion.

EXPIRES: 9/1/17

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

Lenders are reminded of existing policy stating that any multiple of 7(a) loans made within 90 days of one another are considered as one loan for the purpose of determining the guaranty amount and guaranty fees.

Annual Service Fee in FY2017

For all 7(a) loans to veteran-owned small businesses, the annual service fee will be increased to 0.546% (54.6 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.

SBA Veteran Qualifications

In order to qualify for the fees identified in this Notice, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the following groups:

- Veterans (other than dishonorably discharged);
- Service-Disabled Veterans;
- Active Duty Military service member participating in the military's Transition Assistance Program (TAP);
- Reservists and National Guard Members; or
- Current spouse of any Veteran, Active Duty service member, or any Reservist or National Guard member; or widowed spouse of a service member who died while in service or of a service-connected disability.

Lenders must document in their loan file the borrower's eligibility using the documentation identified in the attachment to this Notice and must present copies of that documentation with any guaranty purchase request.

Questions and Notification

SBA field offices must notify Lenders about these 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. For more information about SBA programs and resources for veterans, servicemembers and military spouses, visit www.sba.gov/veterans.

Linda T. Reilly
Acting Director
Office of Financial Assistance

Attachment

Attachment

SBA Veteran Documentation Requirements:

- 1) **Veteran:** Copy of Form DD 214, which is provided for other than dishonorably discharged veterans.
- 2) **Service-Disabled Veteran:** Copy of Form DD 214 or documentation from the DVA that the veteran has been determined as having a service-connected disability.
- 3) **Transitioning Active Duty Military Member:** DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and, DD Form 2648 (Active Duty Military member) or DD Form 2648-1 (Reserve Component member).
- 4) **Reservists and National Guard:** DD Form 2, Armed Forces of the United States Identification Card (Reserve).
- 5) **Current Spouse of Veteran:** The veteran's Form DD 214 and evidence of status as a current spouse.
- 6) **Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member:** DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card and evidence of status as the current spouse.
- 7) **Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service connected disability:** Documentation from DOD or from DVA clearly showing this to be the case.

Alternatives:

In the event that the veteran's DD 214 is unavailable, a "Certification of Military Service" (NA Form 13038) is an acceptable equivalent.

For any category listed above that requires a photocopy of a military ID, as an alternative to photocopying the military ID, the servicemember may provide a "statement of service" signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to. There is no one unique form used by the military for a statement of service. While statements of service are typically on military letterhead, some may be computer-generated. The statement of service must clearly show:

1. The Servicemember's full name;
2. The Servicemember's Social Security Number (SSN) or the last 4 digits of SSN;
3. The entry date on active duty or the entry date of applicant's Reserve/Guard duty, as applicable (depending on whether the applicant is on active duty or is a current member of the Reserves or National Guard);
4. The duration of lost time, if any (for active duty); and
5. The name of the command providing the information.

Note for Current Reserve/Guard Members: The statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).