



# SBA Information Notice

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**TO:** All SBA Employees

**CONTROL NO.:** 5000-1143

**SUBJECT:** Additional Funding Available and  
Extension of Authority for 7(a) and  
504 Recovery Act Loans

**EFFECTIVE:**  
**3/5/2010**

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On March 2, 2010, President Obama signed the Temporary Extension Act of 2010 (P. L. 111-144). This legislation provides an additional \$60 million to support new 7(a) and 504 loans under Sections 501 and 502 of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). These funds are available to provide fee relief for certain 7(a) and 504 loans and a higher SBA guaranty for eligible 7(a) loans. In addition, this legislation extends the authority for SBA to provide a higher guaranty on eligible 7(a) loans to March 28, 2010. This authority applies to applications received by SBA on or after March 2, 2010.

## **Funding of Loans in Queues**

As described in SBA Procedural Notice 5000-1142, as a result of increased lending activity and in anticipation of the end of the availability of Recovery Act funds, SBA re-activated the SBA Recovery Loan Queues for 7(a) and 504 Recovery Act loans effective February 22, 2010.

On Wednesday, March 10, 2010, SBA will begin funding applications and requests for increases to previously approved Recovery Act loans that are in the 504 Recovery Loan Queue.

Also on Wednesday, March 10, 2010, SBA will begin funding applications and requests for increases to previously approved Recovery Act loans in the 7(a) Recovery Loan Queue as follows:

- Applications for new loans that entered the Recovery Loan Queue on or after March 2, 2010 will be eligible to receive both fee relief and the higher guaranty. Requests for increases to previously approved Recovery Act loans with the higher guaranty that entered the Recovery Loan Queue on or after March 2, 2010 also will be eligible to receive both fee relief and the higher guaranty.
- For applications for new loans that entered the Recovery Loan Queue prior to March 2, 2010, and that need the higher guaranty, the lender has until March 9, 2010 to withdraw the application and re-submit it as a new Recovery Act loan. If the lender does not withdraw the application from the queue and re-submit it, the application will be eligible to receive fee relief only when it is funded on March 10, 2010.
- For requests for increases to previously approved Recovery Act loans with the higher guaranty that entered the Recovery Loan Queue prior to March 2, 2010, the lender has until March 9, 2010 to withdraw the request and re-submit. If the lender does not

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**EXPIRES:** 3/1/2011

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SBA Form 1353.2 (12-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58

withdraw the request and re-submit it, SBA will withdraw the request from the queue as of March 10, 2010.

Once all of the applications and requests for increases in the Recovery Loan Queues are funded, the Recovery Loan Queue homepage will remain on the website and in the “green” phase as long as funding remains readily available.

Information on the Recovery Loan Queues may be found on SBA’s website at <http://www.sba.gov/recoveryq/index.html>.

### **E-Tran Users – Recovery Act Loan Indicator Change**

SBA is changing the language under “Special Purpose Categorization” as follows:

Previous language: “This is not a Recovery Act Loan?” Previously, the loan application submission from the lender would default to a Recovery Act loan unless the box next to this question was checked by the lender.

New language: “This is a Recovery Act Loan.” Effective March 10, the new language will be reflected in E-Tran and the box next to this statement will already be checked. For non-Recovery Act loan submissions, the lender will need to un-check this box.

### **Fee Refunds and Loan Cancellations**

SBA will refund to lenders and Certified Development Companies (CDCs) eligible fees on those non-Recovery Act loans approved on or after March 2, 2010 that would have been eligible for fee relief. If borrowers have already paid lenders or CDCs for the fee on eligible loans, lenders and CDCs must reimburse the borrowers from the SBA refund and retain documentation in their loan files to prove they have done so. These loans will then be identified as Recovery Act loans.

There will be no fee refunds or higher guarantees for loans approved as non-Recovery Act loans prior to March 2, 2010.

In addition, SBA will not allow loans that were approved as non-Recovery Act loans prior to March 2, 2010 to be cancelled and then resubmitted as new Recovery Act loans unless the resubmitted loan is not a replacement for the original loan, as determined by SBA on a case-by-case basis. Cancellation and resubmission of the same loan would use the limited appropriations made available under the Recovery Act to provide fee relief and/or an increased guaranty on loans already approved without the need for the provisions of the Recovery Act and would be contrary to the intent of the new funding, which is to stimulate new lending.

Requests for such consideration must be submitted by the 7(a) lender to the Standard 7(a) Loan Guaranty Processing Center in Citrus Heights, California, and by the CDC to the Sacramento 504 Loan Processing Center. The request will be reviewed and a recommendation will be forwarded to the Director/Office of Financial Assistance for approval. Provisions for this consideration and the general cancellation policy were set out in SBA Policy Notice 5000-1103, effective April 10, 2009

(which can be found at [http://www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK\\_FY\\_09\\_NOTICES.html](http://www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_09_NOTICES.html)).

### **Continuing Requirements**

As a reminder, all Recovery Act requirements continue to apply to new Recovery Act loans. This includes the requirement to document the loan file to show compliance with the particular eligibility requirements for Recovery Act loans. SBA Information Notice 5000-1134, issued December 9, 2009, reminds 7(a) lenders and CDCs of the specific documentation requirements for certifications concerning the borrower's hiring practices and that no Recovery Act loan funds go towards financing restricted uses (swimming pools, golf courses, zoos, aquariums and casinos or other gambling establishments). Lenders and CDCs are also reminded of the requirements governing the reporting of jobs created and retained.

SBA's web site will be modified consistent with this Notice.

SBA Field Offices will advise 7(a) lenders and CDCs of this Notice. 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/localresources](http://www.sba.gov/localresources).

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Grady B. Hedgespeth  
Director, Office of Financial Assistance