



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1146

SUBJECT: Additional Funding Available for Fee Relief and Higher Guaranty Loans

EFFECTIVE
3/29/2010

On March 26, 2010, the President signed legislation (H.R. 4938) that permits SBA to use up to \$40 million of existing appropriations to fund new 7(a) and 504 loans under Sections 501 and 502 of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Specifically, these funds are available for the payment of certain 7(a) and 504 loan fees and a higher SBA guaranty for eligible 7(a) loans.

In addition, this legislation extends SBA's authority to provide a higher guaranty for eligible 7(a) loans to April 30, 2010.

Funding of New Loans in the Queue

SBA will begin funding applications for new loans that are in the 7(a) and 504 Recovery Loan Queues as soon as administratively possible.

Funding of Increases to Previously Approved Loans

For previously approved 7(a) and 504 Recovery loans that were funded from either the original Recovery Act appropriations or the supplemental funds provided in the Department of Defense Appropriations Act, 2010 (the "DOD Appropriations bill"), requests for increases to these loans will be approved as funds become available through the cancellation of loans that were funded from the same appropriations that originally funded the loan.

For example, if a previously approved loan that was funded out of original Recovery Act appropriations needs an increase, that increase may only be funded if another previously approved loan funded out of the original Recovery Act appropriations is cancelled. A cancelled loan that was funded by the DOD Appropriations bill cannot be used to fund an increase for a loan that was originally funded with Recovery Act appropriations.

As a reminder, for 7(a) and 504 Recovery loans that were funded from the appropriations provided by the Temporary Extension Act of 2010 (i.e., loans approved between March 2 and March 28, 2010), no requests for increases may be considered after March 28, 2010. If the borrower needs additional funds, a new loan application will be required.

The Recovery Loan Queue homepage will remain on the website in the "green" phase as long as funding for new Recovery loans remains readily available.

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

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

Continuing Requirements

As a reminder, all Recovery Act requirements continue to apply to all 7(a) and 504 loans approved under sections 501 and/or 502 of the Recovery Act. This includes the requirement to document the loan file to show compliance with the particular eligibility requirements for these 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 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 website 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.

Grady B. Hedgespeth
Director, Office of Financial Assistance