



SBA Information Notice

TO: All SBA Employees **CONTROL NO.:** 5000-1154
SUBJECT: Administration of Recovery Loan **EFFECTIVE:**
Queues for 7(a) and 504 Recovery Loans **6/2/2010**

This is a follow-up to SBA Information Notice 5000-1153 (effective date 5-25-2010).

SBA's authority to provide a higher guaranty under section 502 of the Recovery Act for eligible 7(a) loans expired May 31, 2010. Therefore, after midnight on May 31, 2010, SBA cannot accept, process or put into the Recovery Loan Queue any 7(a) loan application that requests the higher guaranty percentage. Any 7(a) Recovery loan application that is submitted to SBA after May 31, 2010, will only be eligible to receive fee relief under section 501 of the Recovery Act.

All 7(a) and 504 loan applications as well as requests for increases that were in the Recovery Loan Queues awaiting funding were funded by midnight on May 31, 2010. Beginning June 1, 2010, new 7(a) loan applications requesting fee relief only, as well as new 504 loan applications, will be processed up to the point of approval and then will be placed into the Recovery Loan Queues and will be funded as funds become available. SBA's E-tran system has been modified to block the submission of 7(a) loan applications requesting the higher guaranty.

Requests for increases to previously approved 7(a) loans that have the higher guaranty also cannot be accepted by SBA after May 31, 2010. Such requests will need to be submitted as new Recovery Act loan requests eligible only for fee relief and placed in the Recovery Loan Queues for new loans. Requests for increases to 7(a) loans that previously only received fee relief as well as increases to 504 Recovery loans will continue to be placed in the Recovery Loan Queues and will be approved as funds become available through the cancellation of loans that were funded from the same appropriations that originally funded the loan.

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. If the borrower needs additional funds, a new loan application will be required. (If approved, this new loan will require a separate authorization and closing documents.)

At any point while an application for a new loan or a request for an increase is in a SBA Recovery Loan Queue, the lender may ask that the application or request be withdrawn and re-submitted as a new, non-Recovery Act loan with all applicable fees and lower guaranty levels. Note: No refund of applicable fees is to be expected if additional Recovery loan funding subsequently becomes available. Also, if a loan is approved as a non-Recovery Act loan and additional Recovery loan funding subsequently becomes available, that loan may not be cancelled and re-submitted as a Recovery Act loan.

Applicants will be able to determine where they are in the SBA Recovery Loan Queue by accessing SBA's website. The website address is www.sba.gov/recoveryq.

Further information will be provided as SBA learns whether new legislation is approved providing additional funds and/or an extension of the higher guaranty for 7(a) loans beyond May 31, 2010.

EXPIRES: 6/1/2011

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

SBA Field Offices will advise 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