

SBA Procedural Change

For SBA 7(a) loans approved on or after October 1, 2006 the ongoing servicing fee due from program participants to the SBA will be 55 Basis Points (0.55%). Fee calculation methods and reporting procedures remain the same. Following this page will be a copy of SBA Procedure Notice 5000-994 and an easy access SBA Basis Point Fee reference table.

This will require lenders to change the basis point fee calculation for loans meeting the criteria. The following are the new 55 basis point fee calculations:

- For fully disbursed term loans, the fee is calculated as follows:

$$[\text{Guaranteed Portion Opening Balance}] \times [.0055] \div [\text{Calendar Basis}] \times [\# \text{ of days}]$$

(For example: $\$450,000 \times .0055 \div 360 \times 30 = \206.25)

- For partially disbursed term loans and loans with revolving features, the fee is computed as follows:

$$[\text{Guaranteed Portion Interest Received}] \times [.0055] \div [\text{Interest Rate \%}]$$

(For example: $\$2,250 \times .0055 \div .06 = \206.25)

A modified version of the Solution #3 template (1502 Fee Calculator) will be made available on our web site at www.colsonservices.com in the 1502 Reporting Center. The template will be available in Excel and Lotus formats.

If you have any questions regarding fee calculations, please contact Customer Service toll-free at (877) 245-6159 or via e-mail at info@colsonservices.com.



SBA Procedural Notice

TO: All SBA Employees **CONTROL NO.:** 5000-994
SUBJECT: Changes to 504 and 7(a) On-Going Fee **EFFECTIVE:** 9/29/2006
Effective October 1, 2006

Each year SBA reviews the fees payable to SBA by certified development companies (CDCs) and 7(a) participating lenders (Lenders) as well as the borrowers to determine if they are sufficient to cover the estimated costs of the 504 and 7(a) loan programs. The purpose of this notice is to announce the revised ongoing fees for both programs for loan approved during FY 2007. These fees are imposed under Section 503(b)(7) of the Small Business Investment Act and Section 7(a)(23) of the Small Business Act, respectively. These ongoing fees plus the other fees paid to SBA will keep each of these lending programs at a zero subsidy rate. At this time there are no changes to any of the other fees payable to SBA in either the 504 or 7(a) programs.

504 Loan Program

For 504 loans approved on or after October 1, 2006, the "ongoing guarantee fee" paid by borrowers to SBA will be 0.018 percent (1.8 basis points) of the outstanding balance of the 504 loan.

7(a) Loan Program

For 7(a) loans approved on or after October 1, 2006, the "yearly fee" due from participants to SBA will be 0.55 percent of the guaranteed portion of the outstanding balance on the 7(a) loan. In the 7(a) Authorization Wizard this is referred to as the "ongoing service fee."

Instructions to Manually Change the 504 and 7(a) Authorizations

To change the default fee in the 504 authorization, change the "ongoing guarantee fee" from 0.192 to 0.018 percent. Then click the "Default" button located in the same section. The new value will then be set on that computer for all future 504 loan authorizations.

When using the current 7(a) Authorization Wizard, change the "ongoing service fee" from 0.545 to 0.55 percent. This will change the fee only for the specific authorization being written. The 0.55 value will not be set as a default for future 7(a) authorizations. The Wizard will revert to the 0.545 value when again used to create a new authorization, so the change must be made manually for each 7(a) loan until the 7(a) Authorization Wizard is updated. Future versions of the 7(a) authorization will enable a one-time default setting.

Notification and Questions

SBA field offices must notify CDCs and Lenders of these changes. SBA field offices with questions on this notice may direct their questions to Sloan Coleman via email at w.coleman@sba.gov. CDCs and Lenders are directed to forward questions to the local SBA field office.

Michael W. Hager
Associate Deputy Administrator
for Capital Access

EXPIRES: 9/1/2007

SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

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SBA Form 1502 Reporting

SBA Basis Point Fee Structure

	Loans approved ...
No Fee Due	... prior to October 12, 1995
50 Basis Points	... October 12, 1995 through September 30, 2002
25 Basis Points	... October 1, 2002 through April 4, 2004
36 Basis Points	... April 5, 2004 through September 30, 2004
50 Basis Points	... October 1, 2004 through September 30, 2005
54.5 Basis Points	... October 1, 2005 through September 30, 2006
55 Basis Points	... after October 1, 2006

Exceptions:

25 Basis Points – loans designated as STAR loans by SBA

40 Basis Points – taken on loans sold on the Secondary Market
between August 31, 1993 and October 12, 1995