



# The 1502 Bulletin- Prime and SBA Fee Rate Changes

Bulletin #56  
November 2008

Keeping you informed on SBA Form 1502 Reporting

## General Notice: Prime Rate

The prime rate was lowered to 4.00%. This change affects variable rate SBA 7(a) loans tied to the prime rate. For loans that adjust on the first day of the month, interest must be calculated as of November 1, 2008 using 4.00% as the base rate. For loans that adjust on the first day of the calendar quarter, interest must be calculated as of January 1, 2009 using 4.00% as the base rate. For variable rate loans that adjust on a day other than the first day of the month or calendar quarter, the new prime rate of 4.00% is effective on the change date occurring on or after October 30, 2008.

**NOTE:** If a new prime rate takes effect on or before the adjustment date, the new prime rate should be used.

## Specific Advice:

To better assist you with reporting the rate change, an example is provided. In this case, the borrower made a payment on November 14<sup>th</sup> and the interest period spanned the loan's rate change date on November 1st. The payment is reported as two lines on the 1502 for the month ending November 30, 2008.

### Example

SBA GP number	Lender Loan Number	Next Installment Due Date	Status (4-9)	Amt Disbursed this Period on Total Loan	Amount Undisbursed on Total Loan	Interest Rate	Guar. Portion Interest	Guar. Portion Principal	Total to FTA		Interest Period		# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)
									Guar. Portion Pymt or Fee	Guar. Portion Interest	From	To				
A. 1234563000	54321	12/15/08				5.00 %	\$ 395.89	\$ 0	\$ 395.89	10/15/08	11/1/08	17	365	\$ 170,000.11		
	54321	12/15/08				4.00 %	\$ 242.19	\$ 656.71	\$ 898.90	11/1/08	11/14/08	13	365	\$ 169,343.40		
B. 6543214000	23541	12/15/08				5.00 %	\$ 467.63	\$ 0	\$ 51.44	10/15/08	11/1/08	16	360	\$ 210,433.27		
	23541	12/15/08				4.00 %	\$ 303.96	\$ 435.00	\$ 41.79	11/1/08	11/14/08	13	360	\$ 209,998.27		

### A. Sold Loans:

1. The first example shown is a sold loan with a sold rate of Prime + 1.00%.
2. The interest rate reported is the borrower's note rate less the lender's servicing fee of 1.00%.
3. The amount due the secondary market is indicated on two lines in the *Total to FTA* column.

### B. Unsold Loan Subject to SBA 55 Basis Point Fee:

The second example shown is an unsold loan subject to SBA's 55 basis point fee with a rate of Prime. The fee amount should be indicated in the *Total to FTA* column for each line of data reported.

### Footnotes:

1. For unsold loans not subject to SBA's fee, do not sum the *Guaranteed Portion Interest* and *Guaranteed Portion Principal* columns. The *Total to FTA* column should reflect \$0.00.
2. The following fields on the 1502 form should be completed, if applicable:
  - Status (4-9)
  - Amt Disbursed this Period on Total Loan (unsold loans only)
  - Amt Undisbursed on Total Loan (unsold loans only)



### **SBA Procedural Change: Ongoing Servicing Fee**

As per SBA Policy Notice 5000-1069, SBA 7(a) loans approved on or after October 1, 2008 will be subject to a 0.55 percent ongoing servicing fee (55 basis points). All loans approved prior to October 1, 2008 will retain their designated basis point fee.

#### SBA Basis Point Fee Structure by Loan Approval Date

October 12, 1995 – September 30, 2002	50 Basis Points (.005)
October 1, 2002 – April 4, 2004	25 Basis Point (.0025)
April 5, 2004 – September 30, 2004	36 Basis Point (.0036)
October 1, 2004 – September 30, 2005	50 Basis Points (.005)
October 1, 2005 – September 30, 2006	54.5 Basis Points (.00545)
October 1, 2006 – September 30, 2007	55 Basis Points (.0055)
October 1, 2007 – September 30, 2008	49.4 Basis Points (.00494)
October 1, 2008 – Present	55 Basis Points (.0055)
<u>Exception</u>	
STAR Loans	25 Basis Points (.0025)

Fee calculation methods and reporting procedures remain the same:

- For fully disbursed term loans, the fee is calculated as follows:  
[Guaranteed Portion Opening Balance] x [Basis Point Fee] ÷ [Calendar Basis] x [# of days]  
(For example: \$450,000 x .0055 ÷ 360 x 30 = \$206.25)
- For partially disbursed term loans and loans with revolving features, the fee is computed as follows:  
[Guaranteed Portion Interest Received] x [Basis Point Fee] ÷ [Interest Rate %]  
(For example: \$2,437.50 x .0055 ÷ 6.5% = \$206.25)

A modified version of the Solution #3 template (1502 Fee Calculator) is now available on our web site at [www.colsonservices.com](http://www.colsonservices.com) in the 1502 Reporting Center.

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](mailto:info@colsonservices.com).