

## SBA Procedural Change

As per new federal legislation, all SBA 7(a) loans approved on or after October 1, 2005 will be subject to a 54.5 basis point fee. All loans approved prior to October 1, 2005 retain the basis point fee that is currently in effect. Fee calculation methods and reporting procedures remain the same.

This will require the lenders to change the basis point fee calculation for loans meeting the criteria. The following are the new 54.5 basis point fee calculations:

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

$$[\text{Guaranteed Portion Opening Balance}] \times [.00545] + [\text{Calendar Basis}] \times [\# \text{ of days}] \quad (\text{For example: } \$450,000 \times .00545 + 360 \times 30 = \$204.38)$$

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

$$[\text{Guaranteed Portion Interest Received}] \times [.00545] \div [\text{Interest Rate \%}] \quad (\text{For example: } \$2,250 \times .00545 \div .06 = \$204.38)$$

A modified version of the Solution #3 template (1502 Fee Calculator) can be found on our web site at [www.colsonservices.com](http://www.colsonservices.com) in the 1502 Reporting Center. The template is 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](mailto:info@colsonservices.com).

## Recent Prime Rate Adjustments

August 9, 2005 - The prime rate was increased to 6.50%. 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 September 1, 2005 using 6.50% as the base rate. For variable rate loans that adjust on a day other than the first day of the month, the new prime rate of 6.50% is effective on the change date occurring on or after August 9, 2005.

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

September 20, 2005 - The prime rate was increased to 6.75%. 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 or calendar quarter, interest must be calculated as of October 1, 2005 using 6.75% 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 6.75% is effective on the change date occurring on or after September 20, 2005.

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

November 1, 2005 - The prime rate was increased to 7.00%. 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, 2005 using 7.00% as the base rate. For variable rate loans that adjust on a day other than the first day of the month, the new prime rate of 7.00% is effective on the change date occurring on or after November 1, 2005.