



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1389

SUBJECT: 7(a) and 504 Fees Effective
October 1, 2016

EFFECTIVE: September 16, 2016

Each year SBA reviews certain fees payable to SBA by 7(a) participating lenders (“Lenders”), Certified Development Companies (“CDCs”), and borrowers to determine if any of those fees need to be adjusted to cover the estimated subsidy costs of the 7(a) and 504 loan programs. This Notice announces the FY17 annual service fee (also known as the “on-going guaranty fee”) and upfront guaranty fee for all 7(a) and 504 loans, except for loans made to veterans. A separate notice will be issued providing information about the fees applicable to loans made to veterans.

For all 7(a) loans (except certain loans to veterans) approved during FY17, there will be no change in the upfront guaranty fee and there will be an increase in the annual service fee. These fees are effective for 7(a) loans approved October 1, 2016 through September 30, 2017.

For all 504 loans approved during FY17, the upfront guaranty fee will continue to be zero and there will be a decrease in the annual fee. In addition, loans will be available under the Debt Refinancing Program operated under 13 CFR § 120.882(g) during FY17, as both the 504 Loan Program and the Debt Refinancing Program will be operating at zero subsidy during FY17.

For 7(a) loans greater than \$150,000 (except certain loans to veterans) approved in FY17

1. The annual service fee will be increased to 0.546% (54.6 basis points) of the guaranteed portion of the outstanding balance of the loan. Lenders will need to manually adjust this fee in the current Authorization Wizard.
2. The upfront guaranty fees will continue to depend on the loan amount and the maturity of the loan and are unchanged from FY16.
 - a. For loans with a maturity that exceeds 12 months, the applicable guaranty fees remain:
 - For loans of \$150,001 to \$700,000: 3% of the guaranteed portion
 - For loans of \$700,001 to \$5,000,000: 3.5% of the guaranteed portion up to \$1,000,000 plus 3.75% of the guaranteed portion over \$1,000,000
 - b. For loans with a maturity of 12 months or less, the guaranty fee remains 0.25% of the guaranteed portion.
3. For guidance on when these fees are due, see SOP 50 10 5(H), Subpart B, Chapter 3.

EXPIRES: 9/1/17

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

For 7(a) loans in the amount of \$150,000 or less approved in FY17

1. The annual service fee will be increased to 0.546% (54.6 basis points) of the guaranteed portion of the outstanding balance of the loan. Lenders will need to manually adjust this fee in the current Authorization Wizard.
2. The upfront guaranty fee will continue to be zero for all 7(a) loans in the amount of \$150,000 or less. Since the upfront guaranty fees charged to the lenders will be zero, lenders may not assess the borrower for any guaranty fee in connection with these loans. Lenders will need to manually adjust these fees in the current Authorization Wizard.
3. If two or more SBA-guaranteed loans are approved within 90 days of each other, the guaranty fee is determined based on the aggregate amount of the loans. Thus, if the total amount of multiple loans approved within 90 days is greater than \$150,000, the normal fees will apply. This represents no change to current policy.

NOTE: Lenders are not permitted to split loans for the purpose of avoiding fees.

For 504 loans approved during FY17

The upfront guaranty fee that SBA is authorized to charge 504 borrowers will continue to be zero in FY17. The annual service fee is reduced to 0.697% (69.7 basis points) of the outstanding balance of the loan.

For 504 Debt Refinance loans approved during FY17

The upfront guaranty fee that SBA is authorized to charge 504 borrowers will continue to be zero in FY17. The annual service fee is reduced to 0.697% plus 0.034%, for a total of .731% (69.7 basis points plus 3.4 basis points) of the outstanding balance of the loan.

Notification and Questions

SBA field offices must notify Lenders and CDCs about the fees. 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/about-offices-list/2.

Linda T. Reilly
Acting Director
Office of Financial Assistance