



SBA Information Notice

TO: All SBA Employees **CONTROL NO.:** 5000-1379
SUBJECT: Availability of Electronic Submission of SBA Form 159(7a) through SBA One **EFFECTIVE:** April 28, 2016

The purpose of this Notice is to announce the availability of the option of submitting SBA Form 159(7a) electronically through SBA One. This Notice also provides a reminder of current requirements for completing SBA Form 159(7a).

What is the current requirement? Agency regulations at 13 C.F.R. §103.5 require any Applicant, Agent¹ or Packager to execute and provide to SBA a compensation agreement showing the compensation charged for services rendered or to be rendered to the Applicant or Lender in any matter involving SBA assistance. The compensation agreement is SBA Form 159(7a). The Small Business Applicant, the Agent and the Lender must sign the SBA Form 159(7a). A separate SBA Form 159(7a) must be executed for each Agent.

As set forth in Standard Operating Procedure (SOP) 50 10 5(H), Subpart B, Chapter 3, Paragraph VIII.B.6, Lenders must submit a fully executed SBA Form 159(7a) to the Fiscal Transfer Agent (“FTA”) on loans that involve payment of fees, including, but not limited to, packaging fees charged by the Lender or loan agent fees paid by the Lender or Small Business Applicant. Currently, Lenders submit completed SBA Forms 159(7a) to the FTA utilizing either the Portable Document Format (.pdf) or the Tagged Information Format (.tif). Lenders either e-mail the pdf/tif file to Form159@colsonservices.com or fax the document to (718) 315-5170. **Beginning May 1, 2016, Lenders may also submit completed SBA Forms 159(7a) electronically through SBA One.**

Lenders are required to retain an original signature version of the form in their files for compliance review purposes.

Who will be affected by the additional submission option? The new option for submitting SBA Form 159(7a) will impact 7(a) Lenders when Agents are used in connection with SBA-guaranteed loans.

Who is not considered an Agent for purposes of the form? The following persons are not considered Agents for purposes of SBA Form 159(7a) and are not required to complete this form: 1) Applicant’s accountant for the preparation of financial statements required by the Applicant in the normal course of business and not related to the loan application; 2) a state-certified or state-licensed appraiser employed by the Lender to appraise collateral in connection with the SBA loan; 3) a lender service provider operating under an SBA-approved lender service provider agreement; 4) an individual employed by the Lender to perform a business valuation in connection with the SBA loan; 5) an environmental professional employed by the lender to conduct an environmental assessment of the collateral in connection with the SBA loan; 6) a real estate agent who is receiving a commission for the sale of real estate in connection with the SBA

¹ “Agent” includes a loan packager, referral agent, broker, accountant, attorney, consultant or any other party that receives compensation from representing an Applicant or lender in connection with an SBA loan. (13 C.F.R. Part 103 and 13 C.F.R. §§120.221 and 120.222 contain the rules governing compensation of Agents in connection with a 7(a) loan. These rules may be found at the electronic Code of Federal Regulations website, <http://www.e-cfr.gov>.)

loan; and 7) any attorney in connection with the 7(a) loan closing. In addition, direct costs associated with document preparation in connection with the loan closing do not need to be reported on this form.

Beginning June 1, 2016, Lenders submitting SBA Form 159(7a) to the FTA electronically through SBA One will use the following procedures:

Loans Originated in SBA One

1. After the loan is approved and the SBA Loan Number is issued and in Funded Status, SBA Form 159(7a) may be generated through the Documents menu on the loan level TAB 10 Supporting Docs (Other). The Form may also be via the Create New Document button on the loan level ten tab page.
2. SBA One generated/created Form 159s may be routed for electronic signature per SBA Procedural Notice 5000-1323 or printed for manual signing and subsequent document upload through the Documents menu on the loan level TAB 10 Supporting Docs (Other).
3. For manual signings, Lenders are required to retain an original signature version of the form in their files for compliance review purposes. SBA's record retention requirements are the same for both wet ink and electronic signatures.

Loans Not Originated in SBA One

1. Log into the Capital Access Financial Systems (CAFS) at <https://caweb.sba.gov>.
2. At the top right, select the "?" icon and follow the Instructions for SBA One Sign Up. Lenders must be approved with either a Loan Processor or Underwriter role to be able to submit SBA Form 159(7a).
3. Upon successful login to SBA One, select Create Documents on the Documents menu.
4. Select SBA Form 159(7a) and enter an approved ETRAN Loan number. A unique SBA One reference number will be assigned for document search purposes.
5. Follow the system prompts to enter the SBA Form 159(7a) details.
6. Forms generated in SBA One may be routed to the appropriate parties for electronic signature in SBA One or printed for manual signing and subsequent document upload through the Documents menu on the loan level TAB 10 Supporting Docs (Other).
7. Forms already completed and not previously submitted to the FTA may also be uploaded to SBA One following Steps 1 - 5.
8. For manual signings, Lenders are required to retain an original signature version of the form in their files for compliance review purposes. SBA's record retention requirements are the same for both wet ink and electronic signatures.

This submission of SBA Form 159(7a) is only required once at the time of initial loan disbursement and should be submitted in conjunction with a Lender's monthly 1502 report.

While Lenders are encouraged to submit the forms electronically using SBA One, Lenders may continue to either e-mail or fax the pdf/tif file to the FTA.

Who should be contacted if there are questions? Lender questions on this process are to be directed to the SBA 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.

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