

COLEMAN REPORT

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Coleman's SBA Top 10 Report

October 2023

The Top 10 Things You Need to Know to Manage Your SBA Loan Program.

Summary

1. Over 63,000 SBA 7(a) and 504 loans for \$34 billion were approved for small businesses in fiscal year 2023.
2. The Federal Government's fiscal year 2024 begins on October 1st. SBA is completely funded to operate at the beginning of FY 2024.
3. SBA employees subject to a return-to-work policy.
4. The OIG say no to ending collections on EIDLs \$100k or less.
5. The House Committee held a hearing to come up with solutions for returning stolen funds.
6. SBA proposed to remove some restrictions on borrowers with criminal histories.
7. There is a new calculation for secondary market payment late penalties.
8. The USDA B&I lending program has updated its loan eligibility with 2020 Census Data.
9. More loans and money went out to minority owned small businesses in FY23.
10. Small businesses' satisfaction with their borrowing needs improved according to the NFIB.

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**Coleman’s SBA Top 10
October 2023**

1. Small Businesses Received \$34 Billion in SBA Lending Fiscal Year 2023.

	Approval Count	Approval Amount	Average Loan Size
7(a) Program	57,362	\$27,515,666,000	\$479,685
504 Program	5,924	\$6,419,378,000	\$1,083,622

Fiscal year 2023 wrapped up with nearly \$34 billion in capital going to small businesses through the 7(a) loan program and 504 loan program. Over 63,000 loans reached small businesses. Around \$2 billion more was approved under the 7(a) program in fiscal year 2023 than in fiscal year 2022, and the total number of loans grew by about 10,000.

2. SBA is Funded Through November 17.

Lawmakers reached an agreement about funding just ahead of the deadline for the new fiscal year. They averted a government shutdown for now by passing a short-term funding bill. The bill will continue government operations through November 17.

3. SBA Management Return to Working In-Office 5 Days a Work Period.

Starting September 25th, all political appointees, members of the Senior Executive Service, and senior-level staff of the SBA will return to the office. They must work in person for at least five days per pay period. The remainder of telework-eligible managers and supervisors assigned to headquarters in Washington D.C. will also be expected to work in person five days per pay period beginning November 5th.

4. The Inspector General Warns Against Ending Collection on EIDLs Under \$100,000.

SBA’s Inspector General issued a [management advisory](#) about ending active collection on COVID-19 EIDLs \$100,000 or less. Inspector Hannibal Ware wrote that ceasing collections risks violating the Debt Collection Improvement Act of 1996. SBA also based its decision on a cost- benefit analysis using a dissimilar loan program and a private sector loan servicing model. He pointed out last that SBA appears to not have fully evaluated its consultant’s recommendation to sell a portion of the EIDL portfolio to maximize return to taxpayers.

5. The Private Sector Offers Suggestions on Returning COVID Fraud Funds.

The House Small Business Committee [met with the private sector](#) to discuss ways to return stolen pandemic loan fraud funds. The witnesses who testified made many suggestions for consideration.

One emphasized the need for better identification verification systems. Another stated that having more trained and experienced people is key to solving the problem. They also discussed the SBA creating a whistleblower award program to encourage more people to come forward. Another idea was to provide amnesty to those that come forward and are willing to return all the funds.

6. SBA Proposes to Remove Restrictions for People with Criminal Histories

Under the 7(a) and 504 loan programs, SBA is proposing to remove restrictions on businesses with an associate who is on probation, on parole or under indictment but not convicted of a felony or any crime involving or leading to financial misconduct or a false statement.

7. SBA Simplifies the Calculations for Secondary Market Late Penalties.

The simplified one-part calculation for all 1502 secondary market payments with a late penalty is as follows:

\$100 or 5% of the Remitted Amount (whichever is greater of the two)

A \$5,000 cap per lender per billing cycle continues to exist. Late penalty bills will be sent if the loan and payment reporting are not submitted within two business days of the 3rd calendar day of the month. SBA can withhold from a future secondary market loan settlement or any payment due to the lender to offset outstanding late penalty fees.

8. USDA Rural Loan Program Eligibility Updated with New Census Data

Effective October 1, USDA Rural Development will begin using the most recently released data from the U.S. Census Bureau to determine program eligibility for Rural Development programs.

The agency will use 2020 Decennial Census population data and 2017-2021 American Community Survey income data to determine eligibility.

9. SBA Lending to Black and Latino-Owned Small Businesses Grew in FY23.

SBA data showed that they have increased lending to Black-owned small businesses and Latino-owned small businesses. Both the number of loans and total dollar amount have improved year after year with FY23 being the greatest year so far.

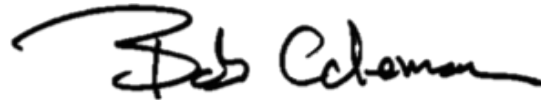
- 4,780 loans and more than \$1.45 billion went to Black-owned businesses under the 7(a) and 504 loan programs.
- 7,746 loans and over \$3 billion went to Latino-owned businesses under the 7(a) and 504 loan programs.

10. More Small Businesses had their Lending Needs satisfied says NFIB.

According to NFIB data, 27% of small business borrowers had all their credit needs met, 2% of borrowers did not have their borrowing needs met, and 59% were not interested in a loan. Only 2% of borrowers reported financing as their top business problem. Almost a quarter of small business owners reported paying a higher rate on their most recent loan. On average, small businesses are paying a 9% interest rate on short-maturity loans.



Editor



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