

# COLEMAN REPORT

## Main Street Lending Expert Analysis Since 1993

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*Delaney Sexton, Editor / Bob Coleman, Publisher*

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## Coleman's SBA Top 10 Report January 2025

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

#### Summary

1. There are new SBA procedural updates and temporary procedural extensions, effective now.
2. SBA issued four new SBLC licenses, bringing the total number of SBLC licenses to 20.
3. Community Advantage SBLCs will have greater lending authority through increased maximums and expanded geographic territories.
4. President-Elect Trump nominates Kelly Loeffler for SBA Administrator.
5. Senator Ernst introduced a bill to reassign SBA employees across the country.
6. SBA could be open to raising the \$5 million 7(a) loan cap.
7. Small business optimism reached its highest point in almost three years.
8. Hundreds of Illinois state employees have identified as potential PPP fraudsters.
9. Unrelated third parties are accusing PPP loan recipients of making false claims.
10. Join Coleman's Retreat in February 2025 for Community Advantage lenders!

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## **1. SBA Published New Procedural Changes That Are Effective Immediately.**

SBA's [procedural notice](#) extends temporary procedural guidance and introduces procedural updates to the SOP 50 10 7.1. All of the updates are effective immediately.

The updates effecting both the 7(a) and 504 loan programs include:

- Landlord reimbursements for tenant improvements
- Signature of a non-owner spouse on the owner's personal financial statement
- IRS Tax Transcripts
- Participation in projects that obtain C-PACE financing

Effecting only the 7(a) program, the changes relate to:

- Loan maturity for changes of ownership
- Liens on vehicles for Standard 7(a) loans
- Collateral requirements on changes of ownership for 7(a) Small and SBA Express Loans
- Do-it-yourself construction
- Partial change of ownership
- Multi-step partial changes of ownership
- Refinance of debt

Effecting only the 504 program, there are changes related to:

- 7(a) or 504 lender notification for prior government debt refinancing
- 504 change of ownership and appraisals
- Documentation requirement clarification – alternative source of verifying seller's revenue

## **2. SBA Awarded Four New SBLC Licenses at the End of December.**

This is the second time in more than 40 years that SBA has added new SBLC licenses. SBA announced that the new SBLC license holders are Cooperative Business Services, A10 Capital, Lafayette Square, and Stonehenge Capital. With this expansion, there is now a total of 20 SBLCs that are working to increase access to capital for small businesses in low-income and other underserved communities. The new SBLCs will operate from their locations in Ohio, Idaho, Washington, D.C., and Louisiana respectively.

## **3. Community Advantage SBLCs Will Have an Increased Loan Ceiling and Expanded Geographic Range.**

The 7(a) loan ceiling for Community Advantage SBLCs has been boosted to \$500,000. The Office of Credit Risk Management will begin contacting qualifying SBLCs to confirm the increased loan

maximum. CA SBLCs will not be allowed to make loans greater than \$350,000 until OCRM contacts them directly to confirm the change.

Additionally, CA SBLCs can request to expand their lending authority to geographic areas in which they are not currently authorized to do so. SBA began accepting applications to expand approved lending territory at the start of the calendar year, and CA SBLCs can submit their applications to [CALoans@sba.gov](mailto:CALoans@sba.gov).

#### **4. Former Georgia Senator Kelly Loeffler was Nominated for SBA Administrator.**

President-Elect Trump says, “Small businesses are the backbone of our great economy. Kelly will bring her experience in business and Washington to reduce red tape and unleash opportunity for our small businesses to grow, innovate, and thrive. She will focus on ensuring that SBA is accountable to taxpayers by cracking down on waste, fraud, and regulatory overreach.”

In response to her nomination, Kelly Loeffler writes, “As a fellow entrepreneur and business leader, I am deeply honored to accept President Trump’s nomination to serve as SBA Administrator. Small businesses are huge for America. They’re the beating heart of our economy and the gateway to the American Dream. The America First Agenda will unleash a new era of growth and opportunity for job creators and innovators!”

Governor Brian Kemp selected Loeffler to fill the seat of Senator Johnny Isakson who retired for health reasons in 2020. In the Fall 2020 election, Loeffler lost her seat to Jon Ossoff. She was also the previous chief executive of Bakkt, a cryptocurrency trading platform, and a former co-owner of the Atlanta Dream WNBA team.

#### **5. Senator Joni Ernst Aims to Promote Geographic Diversity by Relocating SBA Employees.**

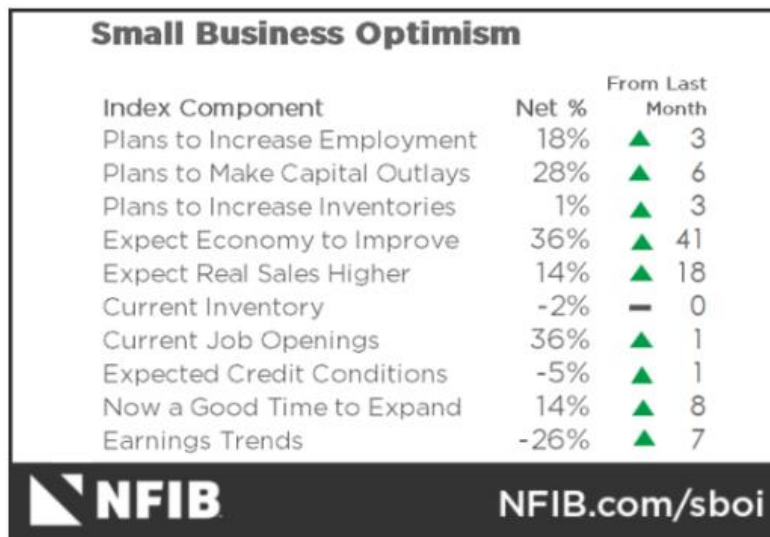
Senator Ernst’s “Returning SBA to Main Street Act” would disperse 30% of the SBA employees that are assigned to SBA’s headquarters in Washington D.C. to other regions of the United States. The bill also intends to prevent SBA employees from teleworking on a full-time basis. Further, the bill downgrades the size of SBA headquarters by at least 30%. At any given time, a third of the office space at headquarters is empty, and even more space would go unused with the employee transfers. Ernst’s goal with these changes is to promote in-person customer service, ensure adequate staffing, and reduce wasted space.

## 6. SBA is Receptive to Raising the \$5 Million 7(a) Loan Cap.

During the SBA Secondary Market Summit, David Parrish of SBA's Office of Capital Access presented. Parrish was asked about raising the \$5 million SBA 7(a) loan cap. In his response, it appeared that the agency is receptive to indexing the cap for annual increases. For example, if tied to inflation, a \$5 million loan cap in 2009 would translate to approximately \$7.5 million in 2025.

## 7. Small Businesses are Feeling More Optimistic and Certain About the Future After the Election According to the NFIB's Findings.

The November 2024 Small Business Economic Trends portrayed a more positive outlook from small business owners. The Optimism Index reached 101.7, the first time in 34 months that the optimism index was above the 50-year average of 98. Of the ten Optimism Index components, nine improved in November, and one component was unchanged. The Uncertainty Index also improved from the record-high reading in October. This index fell 12 points in November after the election.



## 8. Hundreds of Illinois State Employees Committed PPP Fraud.

The Office of the Executive Inspector General has been investigating allegations of a horde of Illinois state employees committing fraud during the pandemic. The accusations point to more than 275 instances of employees obtaining PPP loans for small businesses they did not disclose or were entirely fabricated. So far, this has amounted to at least \$7.2 million in fraudulent claims. These individuals come from 13 different state agencies, and 60% of them worked for the Illinois Department of Human Services.

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Since 2022, at least 43 employees have been fired and 53 resigned before further action could be taken by management.

**Founded Cases by Agency**

<b>Employee’s Agency</b>	<b>As of 4/24</b>
Department of Human Services	175
Department of Corrections	31
Department of Children and Family Services	27
Pace	10
Department of Healthcare and Family Services	8
Department of Public Health	4
Chicago Transit Authority	4
Metra	4
Department of Employment Security	4
State Police	3
Department of Veterans’ Affairs	3
Department of Natural Resources	1
Department of Revenue	1

**9. A PPP Loan Recipient is Being Accused of Making False Claims to Obtain a PPP Loan.**

Mauricio Umansky has been facing accusations that his real estate company, The Agency, was not eligible for the \$3.5 million in PPP loans that it received. The basis for these claims comes from searching the SBA PPP loan database and other publicly available information. In the lawsuit, it states that the “defendants knowingly made false representations of fact and virtually all of the required certifications that are described above and required to be eligible.”

Umansky’s team argued for dismissal because the claims rely solely on publicly available information when “the essential purpose of qui tam suits under the FCA which require Relator to present independent knowledge to substantiate its serious accusations against Defendants.”

This is one of many cases that feature individuals searching the PPP database to find targets for False Claims Act lawsuits in order to receive a portion of the civil damages as whistleblowers. Another noteworthy example is Wade Riner, an individual who filed several lawsuits accusing dozens of condominiums, homeowners associations, and country clubs of making false claims on PPP applications.

**10. Join Coleman’s SBA 7(a) Community Advantage Loan Executive Retreat.**

[SBA 7\(a\) Community Advantage Loan Executive Retreat – 2/12/25](#)

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This Coleman SBA Lender Executive Management Event is a must-attend retreat that brings together the best industry professionals to guide you through critical issues affecting your institution. The purpose of the event is to bring together executive management staff to provide a 2025 update on the importance of procuring, underwriting, servicing, liquidating, and obtaining funds for SBA 7(a) Community Advantage loans. Each of these processes presents unique challenges, opportunities, and potential pitfalls.

The training is being held in Ontario, California.

Regular registration is \$2595. At the door registration on 2/12/25 is \$2995.

A reception and dinner will take place on Tuesday, February 11, 2025.

**Agenda for Wednesday, February 12, 2025**

8:00 – Breakfast

8:30-9:00 – Keynote Speech: “Strong Credit Policies Attract CDFI/CDC Capital”

9:00 – 9:45 – Credit Policy for the Community Advantage Lender

9:45 – 10:30 – Loan Policy for the Community Advantage Lender

10:45 – 11:30 – Portfolio PaRRIS Score Management for the Community Advantage Lender

11:30 – 12:15 – Executive-Level Review of SBA SOP 5057 “7(a) Servicing and Liquidation”

12:15 – 1:30 – Lunch – Keynote Speech: “Projected Evolution of the Community Advantage Lending Program

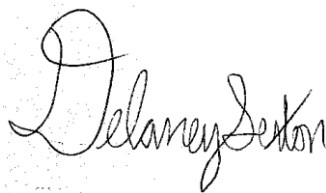
1:30 – 2:15 – BDO Sales, Referral Sources, and Marketing of the Community Advantage Loan

2:15 – 3:00 – Approving the Community Advantage Loan

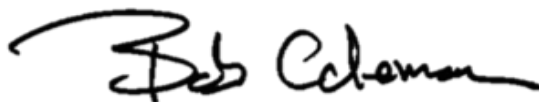
3:00 – 3:15 – Break

3:15 – 4:00 – Companion Products of the Community Advantage Loan

4:00 – Retreat Adjourns



Editor



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