



JRB e ALERT! HEADS UP, SBA LENDERS: SOP 50 10 5 H JUST RELEASED!!

SBA has released [SOP 50 10 5 H](#), Lender & Development Company Loan Programs, which is effective as of May 4, 2015. This latest update applies to all loan applications SBA receives on or after the effective date. Here's a quick recap:

SUBPART A

1. **Revised language regarding lender monitoring and reviews.** In Chapters 1 & 3, SBA has revised the language related to how the Agency oversees 7(a) lenders and CDCs. SBA also has removed the delineation between "on-site" and "off-site" reviews and related fees. Since SBA will be relying increasingly on technology to conduct reviews - which will reduce SBA and lender expenses - there will now be little or no distinction between "on-site" and "off-site" reviews.

SUBPART B

1. **Clarification of policies regarding debt refinancing for 7(a) loans.** In Chapter 2, SBA clarifies a provision in a previous SOP update which stated that SBA guaranteed loan proceeds may not be used to refinance debts used to finance a loan purpose that would have been ineligible when it was originally made. Now, SBA has added language explaining that a lender may refinance debt for a purpose that would have been ineligible if the condition that made the loan ineligible no longer exists.
2. SBA is streamlining the requirements a lender must take to ensure that SBA-guaranteed loan proceeds are just only to refinance debt that was used for eligible purposes.
3. There also are minor clarifications regarding the refinancing of debt that is in the personal names of the applicant owners.
4. **Modified documentation requirements for Export Express Loans.** Also in Chapter 2, for full disbursement on Export Express loan for a general line of credit, lenders must demonstrate that at least 70% of the line of credit was used for export purposes.
5. **Updated Real Estate appraisal requirements for 7(a) loans.** In Chapter 4, SBA has updated the language to conform to recent changes made in the Uniform Standards of Professional Appraisal Practice (USPAP).

6. **Updated Business Appraisal Requirements for 7(a) loans.** Also in Chapter 4, SBA changes the terminology from "business valuation" to "business appraisal" and expands the accreditation list of sources qualified to perform business appraisals. Further, for loans used to finance new construction or a substantial renovation, SBA has expanded the list of qualified providers of construction appraisal statements affirming that the building was built with only minor deviations from plans and specs.
7. **Modified process for delegated lenders to obtain loan increases and decreases.** As detailed in Chapters 4 & 7, for loans submitted under their delegated authority, delegated lenders will now access E-Tran directly to obtain loan increases and decreases.

APPENDICES

1. In Appendix 2 (Definitions) and Appendix 3 (Refinance Letter), SBA has updated the most recent version of the Transaction Screen assessment report to ASTM E1528-14.

You may have already received SBA Information Notice 5000-1340 from your SBA field office announcing this update. I encourage you to read this notice in its entirety, along with the relevant sections of the SOP. SBA has told us they'll be conducting training on this latest SOP update. So stay tuned! In the meantime, if you have any questions, SBA asks that you contact your local [SBA field office](#).

Joanna

Joanna Bruno
President

J.R. Bruno & Associates
870 Market Street, Suite 462
San Francisco, CA 94102
626.688.2125 cell
joanna@jrbrunoassoc.com

Visit us at www.jrbrunoassoc.com