



SBA 7 (a) FEE REDUCTIONS = GREAT OPPORTUNITIES FOR LENDERS & BORROWERS!!

As announced in SBA's Information Notice 5000-1352 dated September 28, 2015, the agency continues to support lenders and borrowers with reduced fees for Fiscal Year 2016. Effective for all 7(a) loans approved October 1, 2015 thru September 30, 2016, schedules for the annual service fee - the ongoing guaranty fee - and the upfront guaranty fee for all 7(a) loans are reduced:

- For 7(a) loans greater than \$150,000, the annual service fee will be 0.473% - 47.3 basis points - of the guaranteed portion of the outstanding loan balance. As with FY 15, the upfront guaranty fee continues to depend on the size of the loan.
- For 7 (a) loans of \$150,000 or less, the yearly fee and the upfront guaranty fee continue to be ZERO. SBA adds that since the lender's fee will be zero, lenders may not charge borrowers guaranty fees in connection with these loans.

The Advantages

For your organization, this in effect is "free lending" for small loans up to and including \$150,000. With no fees attached, you can make more small business loans, giving a boost to your local economy. For small business owners, there's greater access to much needed capital.

As a result of these changes, do you need to take internal actions? Absolutely! It's likely that your core system won't automatically adjust the fees for 7(a) loans approved from October 1 going forward. It's critical to review your SBA loans in the system - and manually adjust the fees in the current Authorization Wizard - or your 1502 Reporting to Colson will be out of balance.

For complete details about these fee changes, please read SBA Information Notice 5000-1352 in its entirety. It also announces reduction to annual guaranty fees for 504 fees approved during FY 2016. For questions concerning this notice, SBA asks you to contact the lender relations specialist in your local SBA field office. SBA will issue a separate notice about reduced fees for certain 7(a) loans approved under SBA Veterans Advantage.

Joanna

Joanna Bruno
President

J.R. Bruno & Associates
870 Market Street, Suite 462
San Francisco, CA 94102
855.572.4722
joanna@jrbrunoassoc.com

Visit us at www.jrbrunoassoc.com