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Business Lending News

## NEW YEAR. NEW SOP: SIGNIFICANT CHANGES

### SOP 50 10 5 (I): FORM 912 REVIEW PROCEDURES STREAMLINED

*This is the first in our series reviewing significant changes in SBA's [SOP 50 10 5 \(I\)](#), which took effect January 1, 2017. This SOP updates SOP 50 10 5 (H) effective since May 1, 2015. It includes streamlined procedures for 912 submissions, franchise processes, and credit elsewhere. First up: Form 912 procedural changes. (Subpart B; Chapter 6; I, e. iii pg. 183)*

The updated SOP streamlines the procedures in SBA Form 912 Statement of Personal History. These changes simplify SBA's review of businesses where the principal/applicant gave "Yes" answers to questions 1, 2, & 3 on SBA Borrower Information Form 1919, which ask about the applicant's criminal background. So what's new? As an SBA lender, what are your responsibilities? Here's a recap:

You still *must* get a Form 912 from the applicant, along with their complete written Statement of Explanation, detailing the charges, within 90 days of the application. The applicant's written Statement must include:

- Date(s) of the offense(s), including all previous arrests
- City, State and/or County where the offense(s) occurred
- Specific charges AND the level of the charge (misdemeanor/felony)
- Disposition of the charge(s) - documentation to support recommended

For misdemeanors more than six months old and no convictions for crimes against minors, you may process the application using delegated authority. In these cases no further 912 review is required, but you must maintain the original Form 1919, Form 912 and the applicant's Statement of Explanation in your file.

**Important.** Felonies and misdemeanors not dispositioned by courts in more than six months, or crimes against a minor **MUST** be submitted to SBA for review. Submissions must contain:

- Lender Cover Letter
- SBA Form 912, Statement of Offenses
- Fingerprint Card (FD258)
- All Court documents supporting conditions of the final Disposition of charges

**NewsFlash: Changes to Submission Procedures.** *Effectively immediately, SBA is temporarily changing the process for submitting Form 912s and Fingerprint Cards: Submit only Form 912, your cover letter and any attachments by [email \(oca912@sba.gov\)](mailto:oca912@sba.gov) with a subject line reading "912 Initial [insert applicant name]." Importantly, since electronic fingerprints will not be accepted until further notice, you need to send a hard copy of the applicant's Fingerprint Card (FD Form 258) with all sections completed by overnight delivery to:*

Office of Personnel Security  
US Small Business Administration  
409 3<sup>rd</sup> Street SW  
Washington, DC 20416

Your email must also include details of the overnight delivery method and the tracking number.

SBA has stated that incomplete forms will not be held pending satisfaction. They'll be returned to the lender as unprocessed, and will need to be resubmitted when completed.

No surprise. Applicants currently under indictment, on parole or probation will be found ineligible for an SBA Loan.

Watch for our upcoming eBulletin covering the SOP's changes to Franchise and Credit Elsewhere procedures.

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