



J.R. Bruno  
& ASSOCIATES



Consultants to the Business Lending Community  
SBA and MBL Specialist

OUTSOURCE COLLABORATOR

Business Lending News

## SBA'S UPDATED SOP 50 57 2: OUR PERSPECTIVE ROUND 3 - 'IN EFFECT AT THE TIME THE LOAN WAS APPROVED'

The SBA's updated SOP 50 57 2, effective since December 1, 2015, has significant changes, clarifications and modifications to the agency's Servicing and Liquidation Policies and Procedures. In this third look at key changes to the SOP, we're highlighting an important clarifying phrase the SBA added to several sections which puts a more concrete requirement on certain lender actions. [We've linked to the marked up version of the SOP for your reference.](#)

**Key Phrase: "... in effect at the time the loan was approved."** Various sections of SOP 50 57 2 refer to actions required to comply with SOP 50 10 ... A, B, C, D, E, F, G, H? Q: Which version of the alphabet soup? A: Go back in time. That key phrase requires you to comply with the version of SOP 50 10 that was in effect at loan origination. What's in a phrase? Plenty. This short addition requires your SBA lending department to do some research. And the SBA makes it clear that this requirement must be met.

We've reviewed SOP 50 57 2 for this addition. When you're working on a loan in servicing or liquidation, check out [SOP 50 57 2](#) to make sure you're taking the correct actions. Here's what we found - changes are in italics:

**Chapter 5. Environmental Risk Management:** D. pg. 42, Environmental Investigations for Loans in Regular Servicing: "Environmental Investigations in support of regular loan servicing activities, e.g., substitution of collateral, should be conducted in accordance with SOP 50 10 in effect *at the time the loan was approved.*"

**Chapter 6. Servicing Requests:** 3. a. pg. 50. Requests Concerning Assumptions, or Substitutions of Collateral or Obligators: "...See SOP 50 10 *in effect at the time the loan was approved* to find the applicable Loan Program Requirements, including, for example, those pertaining to Appraisals, Environmental Investigations, and SBA Form 912 (Statement of Personal History.)"

**Chapter 7. Modification of Note:** 2. a. pg. 58. Loans in Regular Servicing Status: "Pursuant to SOP 50 10 *in effect at the time the loan was approved*, Lenders must pay an additional guaranty fee, which may be passed on to the Borrower, when the maturity of a short term 7(a) Loan is extended beyond 12 months. The amount of the additional guaranty fee is based on the version of SOP 50 10 *at the time the loan was approved ...*"

**Chapter 7. Modification of Note.** G. pg. 59 "The amount of a 7(a) Loan in regular servicing status may be increased provided that: (1) the general requirements in Paragraph A above are met; (2) the general requirements in 50 10 *in effect at the time the loan was approved* with regard to loan increases are met; and (3) the additional guaranty fee required by SOP 50 10 *in effect at the time of the increase is paid.* The amount of the additional guaranty fee is based on the version of SOP 50 10 *in effect at the time the loan increase is approved.*"

**Chapter 8. Modification of Collateral Requirements.** G. 1.b. pg. 64. Loans in Regular Servicing Status: "The release must not conflict with the SBA Loan Program Requirements in 13 D.F. R. Part 12 and SOP 50 10 *in effect at the time the loan was approved* that require Guaranties from specific Persons as a condition for SBA's guaranty of the loan, (e.g., any Person who owns 20 percent or more of the small business Borrower);"

**Chapter 10. Modification of Management Covenants.** 2. pg. 71. Standby Agreement Used as Equity Injection: "A standby agreement used in connection with an equity injection required by the Loan Authorization must not be terminated or modified unless the proposed termination or modification is permitted by the applicable Loan Program Requirements in SOP 50 10 *in effect at the time the loan was approved.*"

This is our final look at SOP 50 57 2: From Our Perspective. Much thanks to JRB Senior Associate Rebecca Mendoza for her research and analysis! While Rebecca is our go-to person for Servicing and Liquidations, like all JRB Team members she has years of SBA expertise. We can assist you with every facet of SBA and customer business lending. [Check us out!](#)

*Joanna Bruno*  
President

J.R. Bruno & Associates  
855.572.4722  
[jrbruno@jrbrunoassoc.com](mailto:jrbruno@jrbrunoassoc.com)

[www.jrbrunoassoc.com](http://www.jrbrunoassoc.com)