



U.S. Small Business
Administration

Office of Credit Risk Management

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Paycheck Protection Program

- **Final Disposition**
 - Forgiveness
 - Lump Payment
 - Periodic Payments
 - Purchase
- **It Is Not Too Late To Enroll in Direct Forgiveness**
- **Fraud Referrals (Office of Inspector General)**
- **Communicate with Borrowers**
- **Follow the Rules**

New Community Advantage Applications

- SBA is still accepting Community Advantage (CA) Lender Participation Applications
- Eight Applications Have Been Received
 - New Community Advantage Lenders – Seven Applications
 - Existing Community Advantage Lenders Requesting Revolving Line of Credit Authority – One Application.

Four of the eight have been approved and the remainder are being reviewed

- New CA lender participation applications are being accepted from CDFIs, CDCs, SBA Microloan Intermediaries, and Intermediary Lending Pilot (ILP) lenders. Applications are to be submitted to the Office of Credit Risk Management at CALoans@sba.gov.

Requirements to allow a pledge of CA loans

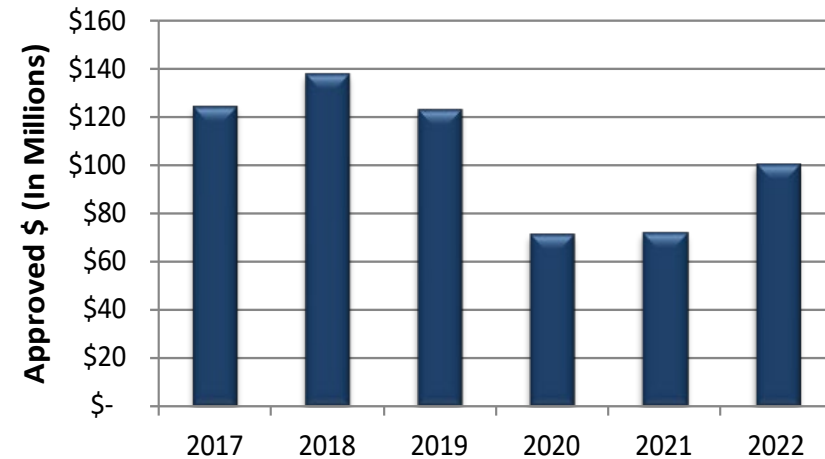
- 13 CFR 120.434 – Requirements for SBA loan pledges
 - SBA must give its prior written consent to all pledges of any portion of a 7(a) loan, which consent SBA may withhold in its sole discretion;
 - Lender must be in good standing with SBA as defined in 13 CFR 120.420(f) and determined by SBA in its discretion;
 - The Lender has satisfactory performance;
 - All loan documents must be satisfactory to SBA and must include a multi-party agreement among SBA, Lender, the pledgee, and Fiscal Transfer Agent;
 - The Lender must use the proceeds of the loan secured by the 7(a) loans only for 7(a) loans and for costs and expenses directly connected with the borrowing for which the loans are pledged;
 - The Lender must remain the servicer of the loans and retain possession of all loan documents other than the original promissory notes;
 - The Lender must deposit the original promissory notes at the FTA; and
 - The Lender must retain an economic interest in and the ultimate risk of loss on the unguaranteed portion of the loans.

Update on Community Advantage Lending Activity

* Data as of 8/31/2022

Community Advantage – FYTD Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	641	\$ 100,521,000
2021	494	\$ 71,837,800
2020	499	\$ 71,568,100
2019	870	\$ 122,905,400
2018	987	\$ 138,161,500
2017	940	\$ 124,551,000



Time Period Comparison (activity through 08/31 of each FY)

Community Advantage Program Balance Sheet

	\$	#
Outstanding Gross Balance	\$345,212,971	3,511
<i>*** Gross Loans = Active Reg Servicing + Active Defaults</i>		
Active Reg Servicing Balance	\$317,310,971	3,230
<i>*** Active Reg Servicing = Current + Stressed</i>		
Current Balance	\$305,322,732	3,106
Past Due Balance	\$2,763,930	31
Delinquent Balance	\$7,513,287	76
Deferred Balance	\$1,711,022	17
Stressed Balance	\$11,988,239	124
<i>*** Stressed = Past Due + Delinquent + Deferred</i>		
Liquidation Balance	\$8,502,441	98
Active Purchases Balance	\$19,399,559	183
Active Default Balance	\$27,902,000	281

* Data as of 8/31/2022

Top Approvals by Industry in YTD FY22

Industry	# of Loans	\$ of Approvals
Full-Service Restaurants	41	\$ 7,849,200
Limited-Service Restaurants	34	\$ 5,586,600
Snack and Nonalcoholic Beverage Bars	22	\$ 3,772,300
Fitness and Recreational Sports Centers	22	\$ 3,558,000
Home Health Care Services	21	\$ 3,404,700
Drinking Places (Alcoholic Beverages)	16	\$ 2,882,400
General Automotive Repair	11	\$ 2,184,500
Beauty Salons	12	\$ 1,608,200
Child Day Care Services	12	\$ 1,577,700
Other Personal Care Services	8	\$ 1,511,000
Offices of Physicians (except Mental Health Specialists)	7	\$ 1,510,900
All Other Personal Services	9	\$ 1,410,500
General Freight Trucking, Long Distance, Truckload	7	\$ 1,343,100
General Freight Trucking, Local	8	\$ 1,238,400
Plumbing, Heating, and Air-Conditioning Contractors	8	\$ 1,178,900
Pet Care (except Veterinary) Services	11	\$ 1,109,000
Offices of Chiropractors	8	\$ 1,078,000

* Data as of 8/31/2022

Approvals by SBA Regions in YTD FY22

SBA Region	Approval Amount	Percent of Total
Region 1 (CT, MA, ME, NH, RI, VT)	\$ 3,486,000	3%
Region 2 (NJ, NY, PR)	\$ 6,611,500	7%
Region 3 (DC, DE, MD, PA , VA, WV)	\$ 2,614,200	3%
Region 4 (AL, FL, GA, KY, MS, NC, SC, TN)	\$ 12,089,400	12%
Region 5 (IL, IN, MI, MN, OH, WI)	\$ 17,762,600	18%
Region 6 (AR, LA, NM, OK, TX)	\$ 10,275,100	10%
Region 7 (IA, KS, MO, NE)	\$ 2,527,500	3%
Region 8 (CO, MT, ND, SD, UT, WY)	\$ 1,537,200	2%
Region 9 (AZ, CA, GU, HI, NV)	\$ 42,058,500	42%
Region 10 (AK, ID, OR, WA)	\$ 1,487,000	1%
Grand Total	\$ 100,449,000	100%

* Data as of 8/31/2022

Approvals by Business Age YTD FY22

New or Existing Business	Approval Amount	Percentage
New Business	\$68,083,300	67.8%
Existing Business	\$32,365,700	32.2%
Total	\$100,449,00	100%

* Data as of 8/31/2022

Delegated Authority for Community Advantage

- Eligible Community Advantage Lenders are encouraged to apply for delegated authority.
- To be eligible, lender must be in good standing with SBA and must have either: originated at least 20 similarly-sized commercial or small business loans **OR** originated at least 10 Community Advantage loans during its program participation.
- If you are interested in applying for delegated authority, please send your request to the Office of Credit Risk Management at CALoans@sba.gov.



U.S. Small Business
Administration

Ross Maxwell, Financial and Loan Specialist, Office of Financial Assistance

SBA Information Notice 5000-836123 FY23 7(a) Fees

This [Notice](#) announces the 7(a) Lender's Annual Service Fee and the SBA Guaranty Fee (Upfront Fee) for 7(a) loans for fiscal year 2023 and the exceptions to those fees authorized for FY 2023 for the 7(a) loan program

7(a) Lender's Annual Service Fee: The FY 2023 Lender's Annual Service Fee, based on *gross loan approval amount*, including SBA-guaranteed and unguaranteed portions, will be:

- For loans of \$500,000 and less: 0.00%
- For loans of \$500,001 to \$5,000,000: 0.55% of the guaranteed portion of the outstanding balance of the loan

Lenders must manually adjust this fee in the Authorization Wizard

NOTE: Although Community Advantage loans are capped at \$350,000, SBA is providing guidance for ALL 7(a) loan sizes for your awareness

SBA Information Notice 5000-836123 FY23 7(a) Fees

Upfront Fee:

Except for Export Working Capital Program (EWCP) loans and SBA Express loans made to veteran-owned businesses, the FY 2023 Upfront Fee, based on gross loan approval amount, including SBA-guaranteed and unguaranteed portions, will be:

- a) For loans with a maturity that exceeds 12 months, the Upfront Fees are:
 - i) For loans of \$500,000 or less: 0.00%
 - ii) For loans of \$500,001 to \$700,000: 0.55% of the guaranteed portion
 - iii) For loans of \$700,001 to \$1,000,000: 1.05% of the guaranteed portion
 - iv) For loans \$1,000,001 to \$5,000,000: 3.5% of the guaranteed portion up to \$1,000,000, plus 3.75% of the guaranteed portion over \$1,000,000.
- b) For loans with a maturity of 12 months or less, the Upfront Fees are:
 - i) For loans of \$500,000 or less: 0.00%
 - ii) For loans \$500,001 and greater: 0.25% of the guaranteed portion

SBA Information Notice 5000-836123

FY23 7(a) Fees

FY 2022 7(a) Fees (Fee Relief)		FY 2023 7(a) Fees (Fee Relief)	
7(a) Upfront Fee		7(a) Upfront Fee	
Gross Loan Size	Fees	Gross Loan Size	Fees
\$350,000 or less	0%	\$500,000 or less	0%
\$350,001 - \$700,000	2.77% of the guaranteed portion	\$500,001-\$700,000	0.55% of the guaranteed portion
\$700,001 - \$1,000,000	3.27% of the guaranteed portion	\$700,001- \$1,000,000	1.05% of the guaranteed portion
	3.5% of guaranteed portion up to \$1MM		3.5% of guaranteed portion up to \$1MM
\$1,000,001 - \$5,000,000	PLUS 3.75% of the guaranteed portion over \$1MM	\$1,000,001 - \$5,000,000	PLUS 3.75% of the guaranteed portion over \$1MM
	\$350,000 or less: 0%		\$500,000 or less: 0%
Short Term Loans	Greater than \$350,000: 0.25% of the guaranteed portion	Short Term Loans	Greater than \$500,000: 0.25% of the guaranteed portion
Lender's Annual Service Fee		Lender's Annual Service Fee	
\$350,000 or less	0%	\$500,000 or less	0%
\$350,001 - \$1,000,000	0.49% of the guaranteed portion of the outstanding balance	\$500,001 - \$5,000,000	0.55% of the guaranteed portion of the outstanding balance
Greater than \$1,000,000	0.55% of the guaranteed portion of the outstanding balance		

Years With No Fee Relief

7(a) Upfront Fee	
Gross Loan Size	Fees
\$150,000 or less	2% of guaranteed portion
\$150,001 - \$700,000	3% of guaranteed portion
	3.5% of guaranteed portion up to \$1MM
\$700,001 - \$5,000,000	+3.75% of the guaranteed portion over \$1MM
All Short Term Loans	0.25% of the guaranteed portion
Lender's Annual Service Fee	
0.55% of the outstanding balance of the guaranteed portion	

SBA Information Notice 5000-836123

FY23 7(a) Fees

Multiple 7(a) loans made within 90 days of each other:

- **Percentage of Guaranty:** When two or more 7(a) loans (with maturities exceeding 12 months) made to an applicant (including its affiliates) are approved within 90 days of each other, the loans are considered as one loan for the purpose of determining the percentage of guaranty.
- **Upfront Fee:** The applicable fee for the subsequent loan(s) will equal the amount of the fee that would have been charged had the loans been combined, less the fee that was paid or is due to be paid on the first loan approved. The fee will never be a negative amount.
- **Lender's Annual Service Fee:** The fee is set for each loan on a standalone basis without respect to any other loans made (i.e., the loans are not aggregated).

SBA Information Notice 5000-836123 FY23 7(a) Fees

Upfront Fee calculation when multiple 7(a) loans are made within 90 days of each other and when the first loan was approved in FY22 and the second loan was approved in FY23...

- First loan approved in (FY 2022): Fee based on FY 22 fee policies and calculated on the loan amount of loan 1.
- Second loan approved in (FY 2023):
 - Step 1: Total together all the loans made within 90 days and calculate the fee based on FY 23 fee policies as if no fee had been paid on the first loan
 - Step 2: Subtract the fees paid (or due to be paid) from the first loan

SBA Information Notice 5000-836123 FY23 7(a) Fees

Additional Fee for 7(a) Loan Increases

- When a 7(a) loan is increased, additional fees are due on that amount. The additional fees are based on the rules in effect at the time the loan was originally approved.
- The amount of the additional Upfront Fee due for an increase will equal what the fee would have been if the increase was part of the original loan amount, less the amount of the original fee (if already remitted).

SBA Information Notice 5000-836123 FY23 7(a) Fees

Additional Fee for 7(a) Loan Increases (continued)

The Lender's Annual Service Fee for a loan is calculated based on the guaranteed portion of the outstanding balance of the loan in accordance with the fee schedule in effect at the time the loan was approved.

When the loan is increased, the fee is recalculated based on the revised loan amount.

See SOP 50 10 6 Part 2, Section A, Chapter 6 for more information on additional fees for loan increases.

SBA Information Notice 5000-836123 FY23 7(a) Fees

Lender's Annual Service Fee when multiple 7(a) loans are made within 90 days

- In FY 2023 when two or more 7(a) loans with maturities exceeding 12 months are made to an applicant or its affiliates within 90 days of each other, the Lender's Annual Service Fee is set for each loan on a standalone basis without respect to any other loans made (i.e., the loans are **not** aggregated)
- **Note:** this is different than in FY 2022. In FY 2022 when two or more 7(a) loans are made within 90 days of each other, the Lender's Annual Service Fee is calculated by aggregating the loans.

SBA Information Notice 5000-836123

FY23 7(a) Fees

Upfront Fee for SBA Express Loans Made to Veteran-owned Small Businesses:

- The CARES Act directed that going forward on a permanent basis, regardless of subsidy levels, for all SBA Express loans made to businesses owned and controlled by a [veteran](#) or spouse of a veteran, the Upfront Fee will be \$0
- Lenders must document in their loan file the veteran eligibility for fee relief using the documentation in the Attachment to this Notice and must include a copy of that documentation with any guaranty purchase request
- Although all SBA Express loans (and any other type of 7(a) loan that is \$500,000 or less) will have a \$0 Upfront Fee in FY23 in accordance with the FY23 fee schedule, future years will have different fees schedules. However, the CARES Act ensures that SBA Express loans to veterans or spouses of veterans will always have an Upfront Fee of \$0, regardless of the fee schedule for other types of 7(a) loans.

Questions?

