



U.S. Small Business
Administration



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U.S. Small Business Administration

Office of Capital Access

7(a) Connect Quarterly Update
January 11, 2022



U.S. Small Business
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Office of Capital Access

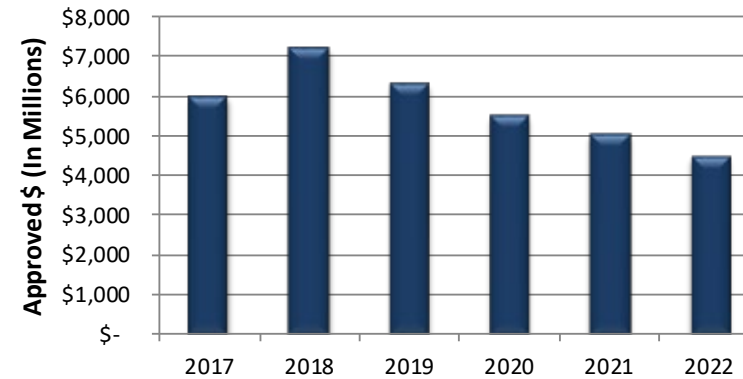
Monthly Performance Dashboard

Data as of 12/31/2021

YTD Activity – Total 7(a) and 504

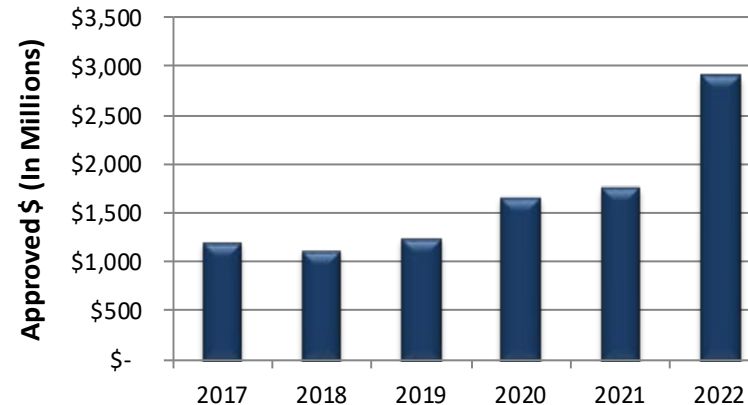
7(a) Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	8,900	\$ 4,467,474,600
2021	8,614	\$ 5,037,999,300
2020	11,791	\$ 5,473,644,100
20219	12,934	\$ 6,288,186,100
2018	15,957	\$ 7,170,119,900
2017	13,913	\$ 5,965,551,600



504 Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	2,938	\$ 2,904,329,000
2021	2,137	\$ 1,753,900,540
2020	1,882	\$ 1,658,048,000
2019	1,425	\$ 1,236,815,000
2018	1,374	\$ 1,120,784,000
2017	1,508	\$ 1,205,922,000

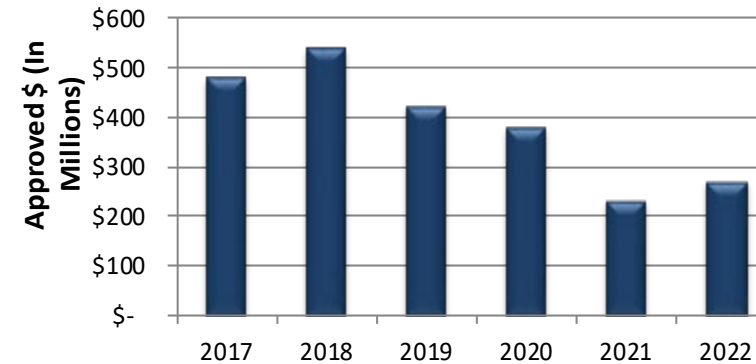


Time Period Comparison (activity through 12/31 of each FY)

YTD Activity – 7(a) Small Dollar Loans

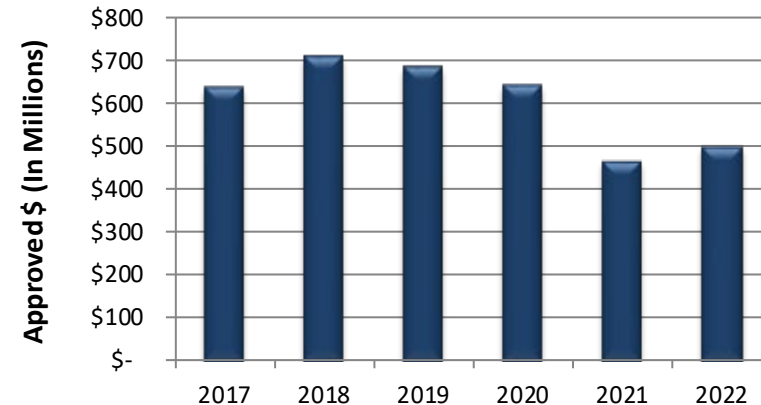
Up to \$150k Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	4,310	\$ 272,645,100
2021	3,505	\$ 234,150,100
2020	5,955	\$ 379,141,200
2019	6,305	\$ 422,250,000
2018	8,770	\$ 541,943,100
2017	7,648	\$ 480,450,900



\$150k to \$350k Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	1,902	\$ 499,508,000
2021	1,759	\$ 462,727,000
2020	2,423	\$ 639,607,700
2019	2,608	\$ 681,552,700
2018	2,692	\$ 709,167,100
2017	2,401	\$ 635,180,000

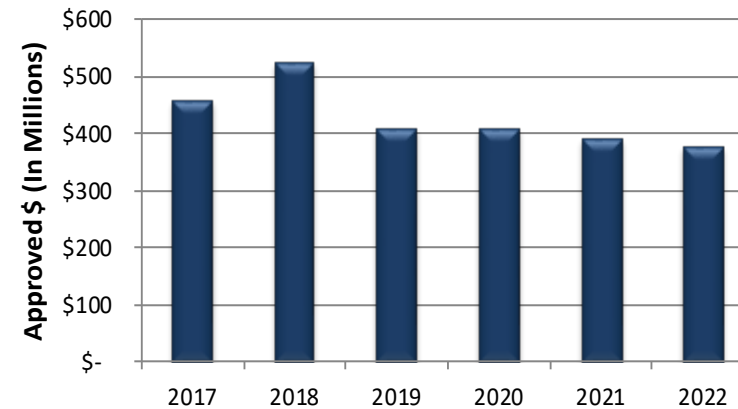


Time Period Comparison (activity through 12/31 of each FY)

YTD Activity – SBA Express

SBA Express

Fiscal Year	Approved Loans	Approved Dollars
2022	3,968	\$ 375,977,500
2021	3,242	\$ 391,017,700
2020	5,253	\$ 407,691,500
2019	5,244	\$ 408,193,500
2018	7,421	\$ 525,398,400
2017	6,403	\$ 457,470,000

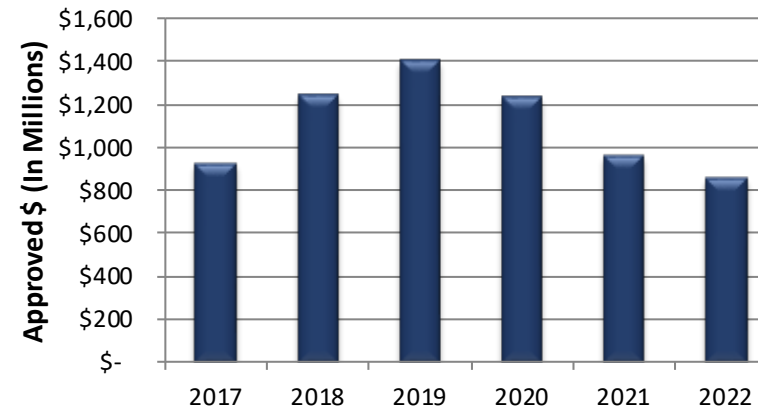


Time Period Comparison (activity through 12/31 of each FY)

YTD Activity – Franchise

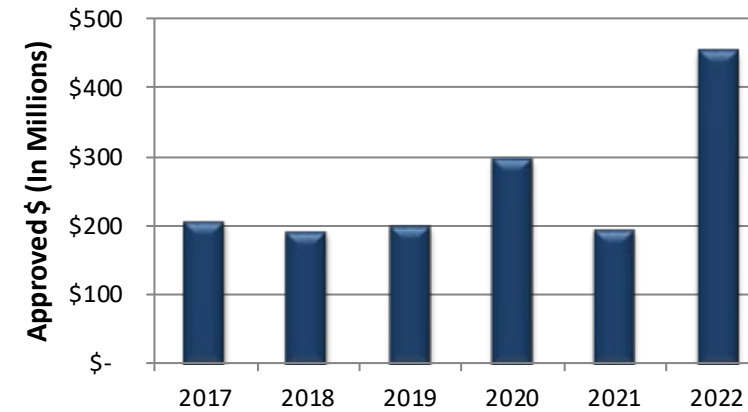
7(a) Franchise Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	1,172	\$ 851,083,800
2021	1,272	\$ 952,866,000
2020	1,557	\$ 1,226,698,000
2019	1,822	\$ 1,402,431,900
2018	1,720	\$ 1,236,521,100
2017	1,379	\$ 914,573,600



504 Franchise Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2022	325	\$ 452,204,000
2021	171	\$ 194,124,000
2020	202	\$ 296,556,000
2019	132	\$ 201,665,000
2018	116	\$ 190,714,000
2017	153	\$ 207,318,000



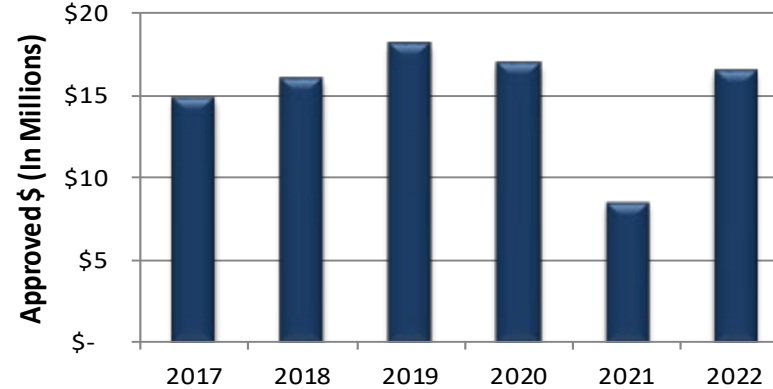
Time Period Comparison (activity through 12/31 of each FY)

YTD Activity – Mission Programs

Microloans

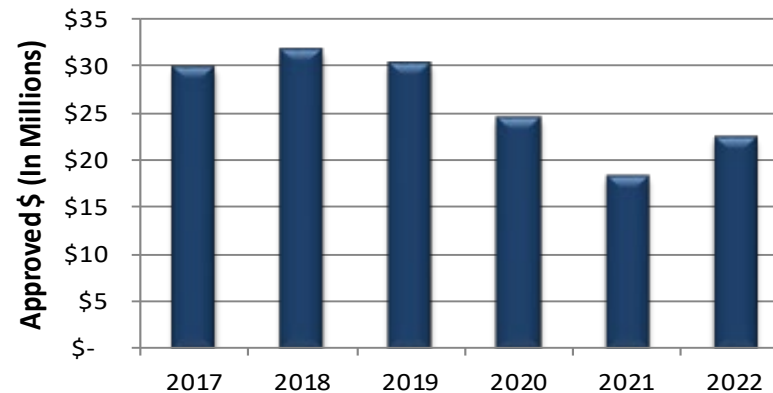
Fiscal Year	Approved Loans	Approved Dollars
2022	1,043	\$ 16,441,153
2021	711	\$ 8,409,871
2020	1,292	\$ 16,879,568
2019	1,374	\$ 18,100,388
2018	1,280	\$ 15,999,454
2017	1,102	\$ 14,827,592

- Current Microloan approvals underreported due to lag in micro lender reporting.



Community Advantage

Fiscal Year	Approved Loans	Approved Dollars
2022	153	\$ 22,387,800
2021	120	\$ 18,292,400
2020	179	\$ 24,530,600
2019	220	\$ 30,197,900
2018	234	\$ 31,730,500
2017	234	\$ 29,737,300

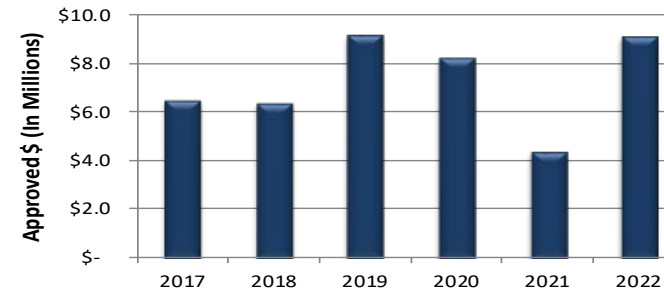


Time Period Comparison (activity through 12/31 of each FY)

YTD Activity – Microloans – Underserved Markets

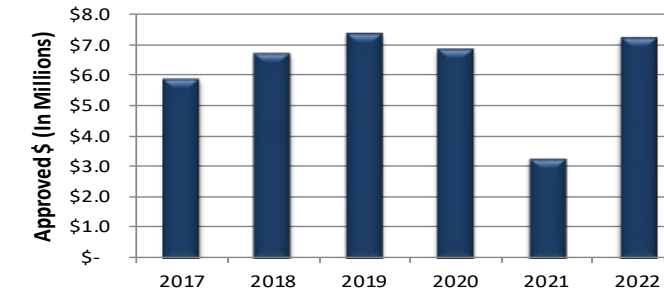
Minority

Fiscal Year	Approved Loans	% of #	Approved Dollars	% of \$
2022	636	61.0%	\$ 9,065,604	55.1%
2021	483	67.9%	\$ 4,372,468	52.0%
2020	851	65.9%	\$ 8,186,785	48.5%
2019	862	62.7%	\$ 9,105,433	50.3%
2018	740	57.8%	\$ 6,326,562	39.5%
2017	603	54.7%	\$ 6,427,118	43.3%



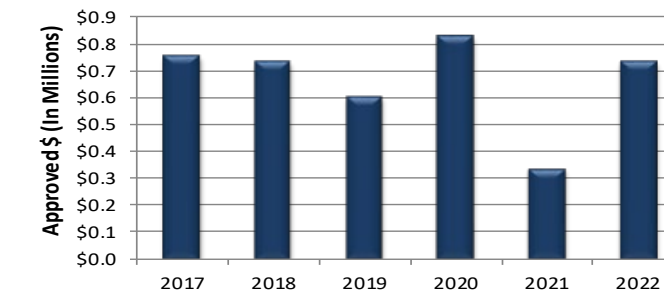
Women

Fiscal Year	Approved Loans	% of #	Approved Dollars	% of \$
2022	512	49.1%	\$ 7,209,520	43.9%
2021	323	45.4%	\$ 3,271,211	38.9%
2020	681	52.7%	\$ 6,843,173	40.5%
2019	700	50.9%	\$ 7,321,178	40.4%
2018	658	51.4%	\$ 6,674,786	41.7%
2017	519	47.1%	\$ 5,857,060	39.5%



Veteran

Fiscal Year	Approved Loans	% of #	Approved Dollars	% of \$
2022	37	3.5%	\$ 730,306	4.4%
2021	21	3.0%	\$ 335,212	4.0%
2020	39	3.0%	\$ 826,285	4.9%
2019	32	2.3%	\$ 602,996	3.3%
2018	50	3.9%	\$ 732,201	4.6%
2017	51	4.6%	\$ 752,374	5.1%



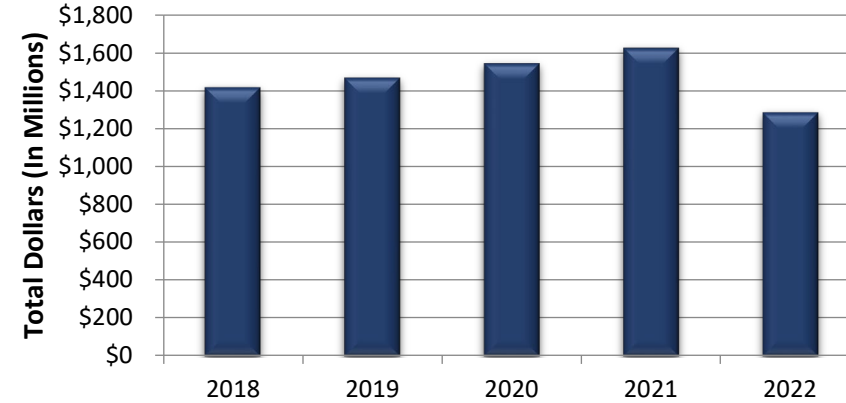
Time Period Comparison (activity through 12/31 of each FY)

DISCLAIMER: The information being provided above is derived solely from Agency records that are submitted by the Agency’s participant lenders engaged in making SBA loans. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, SBA cannot make any representation as to the completeness or accuracy of the information provided.

YTD Activity - Surety Bond Guarantee Program

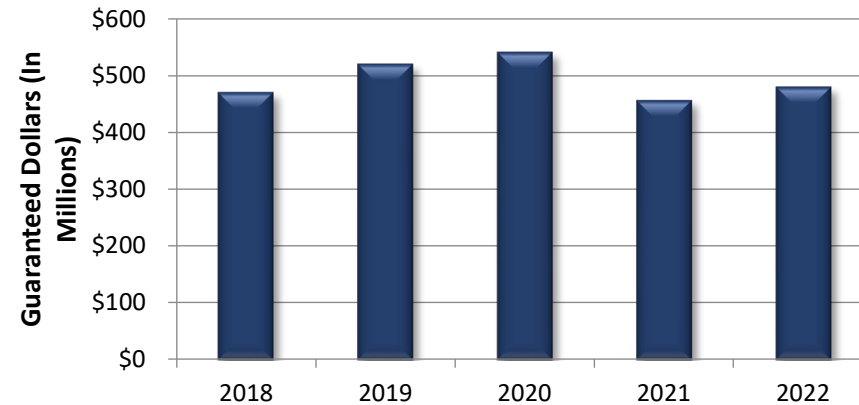
Bid, Payment/Performance Activity

Fiscal Year	Total Bonds	Total Dollars
2022	1,723	\$1,287,090,721
2021	2,353	\$1,627,265,745
2020	2,181	\$1,547,039,203
2019	2,248	\$1,469,837,750
2018	2,188	\$1,419,716,375



Payment/Performance Activity

Fiscal Year	Guaranteed Bonds	Guaranteed Dollars
2022	634	\$480,056,880
2021	722	\$456,393,762
2020	768	\$540,878,042
2019	875	\$520,016,659
2018	791	\$470,674,544



FY22 Highlights - 667 Small Businesses Assisted; 29 Active Surety Companies; 49.8% of Prior Approval Portfolio from QuickApps (≤ \$400K); 0.59% Loss Rate; \$575,160 Recovered; \$735,469 Average Contract Size

Time Period Comparison (activity through 01/01 of each FY)



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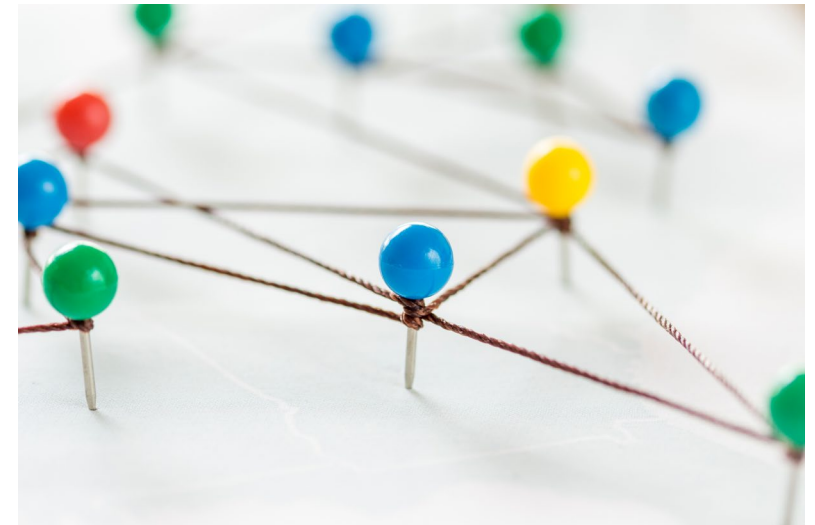
Office of Financial Assistance

Dianna L. Seaborn
Director

7(a) Program Initiatives

Under Review.....

- Verification of Financial Information – Tax Transcript Verification
 - Alternative methods to secure borrower Record of Account
- Tracking SOP 50 10 updates for delivery this year
- Return to Normal Program Operations
- CapLine Assessment & Review





U.S. Small Business
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Office of Financial Assistance

John Wade

Acting Chief, 7(a) Loan Division

Quarterly Recap

SBA Form Renewals

- Form 159, Fee Disclosure Form and Compensation Agreement
 - ✓ Lender inputs Location ID, not FIRS number.
 - ✓ Process Improvement: Form submission to FTA through ETRAN Servicing
- Form 1086, Secondary Participation Guaranty Agreement
 - ✓ Pdf fillable and Accessible
 - ✓ Available on SBA website and FTA Wiki
- **SBA Notices**
 - [Procedural Notice 5000-823852](#)

Other Topics

LIBOR Wind Down





U.S. Small Business
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Office of Credit Risk Management

Susan Streich, Director

Jean Tucker “JT”, Financial Analyst

Top Loan File Review Findings

Reviews FY2021

- **Life Insurance – determining what is appropriate, documenting, and obtaining**
 - Lender does not address whether Life insurance is required
 - SOP 50 10 6, Part 2, Section B, Ch. 1 (page 254) “Lender must address whether life insurance or other insurances will be required. Lender may follow the same written policies and procedures for their similarly sized, non-SBA guaranteed commercial loans”
 - Authorization requires it but Lender did not obtain
 - Lender does not continue to monitor that life insurance is in place throughout life of loan
- **Loan Disbursement**
 - Consistent documentation
 - Application
 - Credit Memorandum
 - Loan Authorization
 - Documentation

Top Loan File Review Findings (cont'd)

Reviews FY2021

- **Liens**
 - Obtaining all that are required and perfecting the interest
- **SAM.gov check**
 - Must perform check for Applicants as well as Agents
- **Collateral**
 - No collateral schedule
 - No description of collateral
 - No itemization



U.S. Small Business
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Office of Credit Risk Management

Tricia Kelly

7(a) Delegated Authority Team Manager

Types of Delegated Authorities and Requests

- SBA Express
- Preferred Lender (PLP)
- Export Express
- Preferred Lender Export Working Capital (PLP-EWCP)

- Renewal of Delegated Authority – request for certification letters are sent to lenders approximately 90 days prior to delegated authority expiration date
 - District Office provides delegated authority team with current lender contact name and email address
 - Comments from District Offices on lender’s SBA lending activities are voluntary
 - Certification letter is required by lender on bank letterhead and must be signed and dated by authorized official

- Nomination of Authority Request – lenders seeking delegated authority that have an active SBA Form 750 and have never held delegated authority

- Additional Authority (Add on) Request – lenders that want to add a delegated authority to existing authority(ies), i.e. lender holds SBA Express authority and is requesting to add PLP

- Reinstatement of Authority Request – lenders that let authority lapse (chose to decline renewal), failed to return executed agreements, or were denied renewal

All Delegated Authority tasks are handled thru a dedicated email address – submission of documents, including certification letters and executed renewal agreements, as well as questions relating to delegated authority should be sent to:

DELEGATEDAUTHORITY@SBA.GOV

Required submissions for all Delegated Authority requests (not applicable to renewal of authority)

- ❖ District Office and Lender Request Forms (dated November 2020)
 - District Offices can request current forms by email to delegatedauthority@sba.gov
- ❖ Loan Guaranty Agreement (SBA Form 750)
 - If executed prior to September 10, 2019, please provide Forms 750, 750B, and 750EX (if applicable).
 - If executed after September 10, 2019, please provide Form 750 and ensure that the applicable selections have been made in the Partner Information Management System (PIMS)
- ❖ Statement of Good Standing/Compliance
 - Signed letter, on the Lender's letterhead, supporting compliance with SBA SOP 50 10 6, Part 1, Section A, Chapter 1, E, 1., a.
- ❖ Training (see slide at end of delegated authority info for training example)
 - Statement and/or Documentation that reflects 7(a) training obtained. The information should identify the **topic, date, and attendees** and must support that the Lender has been trained on current 7(a) origination, servicing, liquidation, and litigation requirements. This includes, but is not limited to, training that incorporates statutes, regulations, SOPs, and Notices as well as training on SBA's Capital Access Financial System (most notably E-Tran).
- ❖ **All Nomination, Reinstatement and Add-On requests should be made thru lender's local SBA District Office**
 - SBA District Office has request forms for lender completion and will assist lender with request package
 - SBA District Office provides recommendation of lender for delegated authority

Requirements for Specific Authority Requests (in addition to previous slide)

➤ SBA Express

- If the Lender has less than three (3) years of 7(a) SBA lending experience, the package must document twenty (20) small commercial loans of \$350,000 or less in its portfolio at its most recent fiscal year end.
 - ❖ Three years of SBA lending experience is described as having disbursed non-delegated SBA 7(a) loans within the previous 36 months.

➤ PLP

- Lender must have **fully disbursed 10 SBA loans** within previous 24 months (acquired and PPP loans DO NOT count towards the required minimum)
- Signed letter, on the Lender's letterhead, supporting compliance with SBA SOP 50 10 6, Part 1, Section A, Chapter 1, E, 2., c., ii., which includes:
 - ❖ Legal name and address of Lender;
 - ❖ Legal name of any holding company of Lender;
 - ❖ Name, title, address, phone number, email address, and fax number for contact person at Lender;
 - ❖ Lender's Lead District Office;
 - ❖ A copy of the Lender's SBA Form 750, 750B, and 750EX (if applicable);
 - ❖ If Lender was previously a PLP Lender, an explanation of why the Lender left the Preferred Lender's Program;
 - ❖ A description of the Lender's history, organization, and management, including:
 - When the Lender was chartered;
 - Any recent mergers or acquisitions
 - Personnel who will be in charge of PLP loan activities for the Lender, have PLP loan approval authority, and their experience with the Lender, in the industry, and with SBA loans, including any training they have received;
 - Where and how PLP loans will be processed, closed, serviced, and liquidated

➤ PLP-EWCP

- Lender is an EX-IM delegated lender or disbursed EWCP loans at least six (6) consecutive months immediately prior to the District Office recommendation
- Lender is NOT an EX-IM delegated lender; however, it disbursed EWCP loans at least six (6) consecutive months immediately prior to the District Office recommendation
 - ❖ If not an Ex-Im Bank delegated lender, the Lender has booked no less than three (3) SBA EWCP loans during the 24 months prior to application.

EXAMPLE OF ACCEPTABLE TRAINING SUBMISSION

7(a) Training Log			
<u>TOPIC</u>	<u>Date</u>	<u>Attendees</u>	<u>Facilitator</u>
SOP Workshop	3/21/2019	Employee #1,SVP	Name of District Office/LRS
General	5/15/2019	Employee #1,SVP Employee #2,VP Employee #3, VP	Name of District Office/LRS Economic Development Center of ABC County
General	12/9/2019	Employee #3, VP Employee #1,SVP	Name of District Office/LRS
General - 7(a) lending	2/10/2020	Employee #3, VP Employee #4, Manager	Name of District Office/LRS
General	3/5/2020	Employee #1,SVP	Name of District Office/LRS Economic Development Center of ABC County
Guarantee/ Liquidation	7/27/2021	Employee #1,SVP	NAGGL
SOP Training	3/2/2020	Employee #3, VP	NAGGL
Basic Credit Analysis	3/2/2020	Employee #3, VP	NAGGL
Get Acquainted with SBA 7(a) Lending	6/1/2021	Employee #5, Processor	NAGGL
Closing and funding the SBA loan	7/15/2021	Employee #3, VP Employee #4, Manager Employee #5, Processor	NAGGL
Fusion LaserPro SBA Lending Solution Admin 101	7/23/2021	Employee #4, Manager	Fusion Laserpro
New 1502 Gateway Training	8/12/2021	Employee #4, Manager	FTA
Understanding the SOP	9/22/2021	Employee #3, VP Employee #4, Manager Employee #5, Processor	NAGGL
Statutes, Regulations, and Procedural Notices	10/18/2021	Employee #2, VP Employee #4, Manager Employee #5, Processor	Name of District Office/LRS
Fusion LaserPro SBA Lending Solutions user class	12/13/2021	Employee #4, Manager Employee #5, Processor	Fusion Laserpro



U.S. Small Business
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Office of International Trade

Michele Schimpp

Deputy Associate Administrator

Daniel J. Pische, National Director of Trade Finance



U.S. Small Business
Administration

SBA Program Expansion

Adding complimentary SBA programs in 2022



Daniel J. Pische
National Director of Trade Finance
Office of International Trade
U.S. Small Business Administration

January 11, 2022

SBA Export Loan Programs

Export Working Capital Program (EWCP) – 90% Guaranty

- Asset Based Line of Credit up to \$5,000,000
- Support for Purchase Order financing
- Used to issue Standby Letters of Credit with 25% collateralization

Export Express Program – 90%/75% Guaranty

- Revolving Line of Credit and term loans up to \$500,000
- 90% guaranty for loans up to \$350,000
- 75% guaranty for loans between \$350,000 and \$500,000

International Trade Loan Program (ITL) – 90% Guaranty

- Term Loan financing up to \$5,000,000
- Support for permanent working capital

The permanent 90% guaranty of the Export Loan Programs allow a bank to set aside only 28% of the capital required for a conventional loan.

EWCP – Expansion Opportunity

EWCP provides a wide range of loan solutions to lenders working with small business exporters:

- Attract New Business
 - Export project financing
 - ABL lines
 - Standby Letters of Credit
- Retain Current Clients
 - Support trade finance needs
 - Better solutions for lending against foreign receivables

In FY21, the EWCP program had an average loan size of \$2 million, the highest of any of the SBA guaranteed programs. As such, EWCP can support a range of lending teams within an institution.

84.2% of all EWCP loans are to manufacturers or distributors

Export Express

Compliment to SBA Express

Loan Guaranty Options:

90% guaranty on loans up to \$350,000

75% guaranty on loans between \$350,000 and \$500,000

Term Loan Options:

Export Express can support a variety of term financing needs:

- 10-year amortization for equipment purchases & permanent working capital
- 25-year amortization for real estate

Revolving Credit Line Options:

Revolving credit lines can be established for up to seven years

Prior to the Authorization expiring, the line can be:

- Paid off by an Export Working Capital Program (EWCP) loan
- Paid off by a conventional line of credit or term loan

Export Express Loan Terms and Conditions

Interest rates	<i>(same as SBA Express)</i>
Guaranty fee structure	<i>(same as SBA Express)</i>
Credit standards	<i>(same as SBA Express)</i>
	<ul style="list-style-type: none">• Processing methods• Collateral & underwriting standards• Delinquency monitoring satisfies reporting requirements
Application forms – 1919/1920	<i>(same as SBA Express)</i>
Non-financial default provisions	<i>(same as SBA Express)</i>
Loan fee requirements	<i>(same as SBA Express)</i>
Authorization	<i>(same as SBA Express)</i>
Loan closings	<i>(same as SBA Express)</i>
Export questionnaire	<i>(unique to Export Express)</i>

Export Express – Expansion Opportunity

Export Express provides a wide range of loan solutions to lenders working with small business exporters:

- Term Loan
 - Permanent working capital
 - Equipment purchases
 - Real estate purchase / buildout
- Line of Credit
 - Revolving need for export purposes (70% export / 30% domestic)
 - 7-year line of credit with routine delinquency monitoring practices
 - Line of credit can be termed out as a unilateral servicing action if necessary. The maximum period for a term out as a servicing action is 10 years.
 - Short-term revolving need followed by a term loan
 - Ex. A revolving line for 24 months with the ending balance termed out over 60 months

Export express is a great compliment for those active with SBA Express

International Trade Loan – Expansion Opportunity

The International Trade Loan supports a wide variety of provides a wide range of term loan solutions, all supported with a permanent 90% loan guaranty.

- Traditional Term Loan Applications
 - Equipment purchases
 - Real estate purchase / buildout
 - Business acquisition
- Working Capital
 - Permanent working capital
 - Can support projects where a traditional line of credit is not the optimal solution
 - Works well with inventory-heavy industries and with E-Commerce
- Debt Refinance
 - Consolidate higher interest rate debt into a lower cost solution
 - Often used to refinance unsecured debt as part of a business expansion

Contact Information

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U.S. Small Business
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Office of Performance and System Management

Steve Kucharski
Director



U.S. Small Business
Administration

Office of Financial Program Operations

Jihoon Kim, Director

Marty Andrews, Deputy Director

2022 Updates

Save
the
Date

504 Connect Quarterly Update – 3:00 p.m. Eastern

- Quarterly call for CDCs, Third Party Lenders, and SBA LRSs
- On the appropriate date at 3:00 Eastern, click on the link to join. Links may be forwarded to others. [March 15](#) , [June 14](#) , [September 20](#) , [December 13](#)

7(a) Connect Quarterly Update – 3:00 p.m. Eastern

- Quarterly call for 7(a) Lenders and SBA LRSs
- On the appropriate date at 3:00 Eastern, click on the link to join. Links may be forwarded to others. [January 11](#) , [April 12](#) , [July 12](#) , [October 11](#)

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Questions

