



# SBA Information Notice

---

**TO:** All SBA Employees and Lenders

**CONTROL NO.:** 5000-20048

**SUBJECT:** 7(a) Fees Effective October 1, 2020

**EFFECTIVE:** September 23, 2020

---

Each year SBA reviews certain fees payable to SBA by 7(a) Lenders (“Lenders”) and borrowers to determine the appropriate fees to manage the estimated costs of the 7(a) loan program.<sup>1</sup>

This Notice announces (1) the annual service fee (also known as the “on-going guaranty fee”) and the upfront guaranty fee for 7(a) loans for fiscal year 2021 (FY2021), and (2) the exceptions to those fees authorized for FY2021 for the 7(a) loan program.

## **FY2021 Annual Service and Upfront Guaranty Fees for 7(a) Loans**

The following fees are effective for all 7(a) loans approved October 1, 2020 through September 30, 2021:

- 1. Annual Service Fee:** The annual service fee will be 0.55% (55 basis points) of the guaranteed portion of the outstanding balance of the loan. Lenders must manually adjust this fee in the current Authorization Wizard.
  
- 2. Upfront Guaranty Fee:** Except for Export Working Capital Program (EWCP) loans and SBA Express loans made to veteran-owned businesses, as defined in the attachment to this Notice, the upfront guaranty fee will continue to depend on the loan amount and the maturity of the loan.
  - a) For loans with a maturity that exceeds 12 months, the fees are:
    - i) For loans of \$150,000 or less: 2% of the guaranteed portion. The Lender may retain no more than 25% of the fee (i.e., at least 1.5% must be remitted to SBA).
    - ii) For loans of \$150,001 to \$700,000: 3% of the guaranteed portion.

---

<sup>1</sup> Fees are effective for the entire fiscal year to maintain the estimated costs of the program unless subsequent Congressional acts modify the program’s effective subsidy costs.

- iii) For loans of \$700,001 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 fee remains 0.25% of the guaranteed portion.

When two or more SBA-guaranteed loans are approved within 90 days of each other, the guaranty percentage and guaranty fee are determined based on the aggregate amount of the loans. Lenders are not permitted to split loans for the purpose of avoiding fees. This represents no change to current policy.

For guidance on when all 7(a) loan fees are due, see SOP 50 10 6, Part 2, Chapter 5, Paragraph C.

### **3. Upfront Guaranty Fee for EWCP Loans of any Size (up to \$5 million maximum):**

- a) For EWCP loans with a maturity of 12 months or less, the upfront guaranty fee remains 0.25% of the guaranteed portion;
- b) For EWCP loans with a maturity between 13 months and 24 months, the upfront guaranty fee is 0.525% of the guaranteed portion;
- c) For EWCP loans with a maturity between 25 months and 36 months, the upfront guaranty fee is 0.80% of the guaranteed portion.

**When an EWCP loan with an original maturity of up to 24 months is extended beyond the original maturity date and up to 36 months, an additional guaranty fee is due to SBA. The Lender must pay SBA the difference in the upfront guaranty fee originally paid and what the fee would have been if initially approved at the longer maturity.**

For example, if an EWCP loan is originally approved at a 12 month maturity on or after October 1, 2020, and the maturity is extended to 36 months, the guaranty fee due to SBA is then increased from 0.25% of the guaranteed portion to 0.80% (guaranty fee for EWCP loans with maturities of 25 months up to 36 months) of the guaranteed portion of the EWCP Loan. Therefore, the lender must remit to SBA the additional guaranty fee due of 0.55%, or the updated guaranty fee due of 0.80%, less the 0.25% for the guaranty fee already paid.

### **4. Upfront Guaranty Fee for SBA Express Loans Made to Veteran-owned Small Businesses:** For all SBA Express loans made to veteran-owned small businesses, the upfront guaranty fee will be zero in accordance with section 7(a)(31)(G) of the Small Business Act (15 U.S.C. § 636(a)(31)(G)).

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.

## **5. Additional Guaranty Fee for Extensions of Short-Term Loans**

When the maturity of a short term 7(a) loan is extended beyond 12 months, an additional guaranty fee is due. In addition, as stated in paragraph 3 above, when an EWCP loan with an original maturity of up to 24 months is extended beyond the original maturity date and up to 36 months, an additional guaranty fee is due. Lenders may contact the appropriate SBA CLSC (or the Office of International Trade for EWCP loans) for assistance. The additional fee must be paid electronically to SBA within 30 days from the date the Lender agrees to the extension or the total loan guaranty will be cancelled. The Lender may charge the additional fee to the Borrower after the Lender has notified SBA that the maturity has been extended and has paid the additional guaranty fee.

### **There is no additional fee relief available for 7(a) loans approved in FY2021.**

Questions concerning this Notice may be directed to the Lender Relations Specialist in the local SBA Field Office. Local SBA Field Offices can be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

Dianna L. Seaborn  
Director  
Office of Financial Assistance  
Attachment

# Attachment to SBA Information Notice 5000-20048

## SBA Veteran Qualifications

In order to qualify for the fee relief, set forth in section 7(a)(31)(G) of the Small Business Act, as discussed in this Notice, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the following groups:

- Veterans (other than a veteran who received a Dishonorable or Bad Conduct Discharge);
- Service-Disabled Veterans;
- Active Duty Military service member participating in the military's Transition Assistance Program (TAP);
- Reservists and National Guard Members; or
- Current spouse of any Veteran, Active Duty service member, or any Reservist or National Guard member; or widowed spouse of a service member who died while in service or of a service-connected disability.

## SBA Veteran Documentation Requirements

- Veteran: Copy of Form DD 214, which is provided for other than dishonorably discharged veterans.
- Service-Disabled Veteran: Copy of Form DD 214 or documentation from the DVA that the veteran has been determined as having a service-connected disability.
- Transitioning Active Duty Military Member: DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and DD Form 2648 (Active Duty Military member) or DD Form 2648-1 (Reserve Component member).
- Reservists and National Guard: DD Form 2, Armed Forces of the United States Identification Card (Reserve).
- Current Spouse of Veteran: The veteran's Form DD 214 and evidence of status as a current spouse.
- Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member: DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card, and evidence of status as the current spouse.
- Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service-connected disability: Documentation from DOD or from DVA clearly showing this to be the case.

## Acceptable Alternatives

If the veteran's Form DD 214 is unavailable, a "*Certification of Military Service*" (NA Form 13038) is an acceptable equivalent.

For any category listed above that requires a photocopy of a military ID, as an alternative to photocopying the military ID, the service member may provide a "statement of service" signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to. There is no one unique form used by the military for a statement of service. While statements of service are typically on military letterhead, some may be computer-generated. The statement of service must clearly show:

- 1) The Service member's full name;
- 2) The Service member's Social Security Number (SSN) or the last 4 digits of SSN;
- 3) The entry date on active duty or the entry date of applicant's Reserve/Guard duty, as applicable (depending on whether the applicant is on active duty or is a current member of the Reserves or National Guard);
- 4) The duration of lost time, if any (for active duty); and
- 5) The name of the command providing the information.

Note for Current Reserve/Guard Members: The statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).