

Fueling Small Business Growth: Unveiling SBA 7(a) Fee Updates for Lenders

By Managing Attorney, Laurie Satel | August 31, 2023

The Small Business Administration (SBA) has issued [Information Notice 5000-848801](#), outlining changes in fees effective for all 7(a) loans approved October 1, 2023, through September 30, 2024. For additional guidance on fee deadlines, lenders can refer to [SOP 50 10 7](#), Section A, Chapter 4, Para. C.

Concerning the 7(a) Lender's Annual Service Fee

In fiscal year 2024, the Annual Service Fee for lenders, based on the gross loan approval amount, will be waived for loans up to \$1 million, but for loan amounts over \$1 million and up to \$5 million, the Annual Service Fee for lenders will be 0.55% of the guaranteed portion of the outstanding loan balance. Lenders are not allowed to transfer these annual fees to borrowers.

Regarding the SBA Guaranty Fee

The SBA Guaranty Fee (Upfront Fee) applicable to loans with maturities over 12 months will not be charged for loans up to \$1 million. For loan amounts above \$1 million, the Upfront Fee will be based upon varying percentages of the guaranteed portion up to \$1 million, and a separate percentage of the guaranteed portion above \$1 million. Short-term loans of 12 months or less have upfront fees with fixed rates depending on the loan amount. Lenders can find specific percentages in Information Notice 5000-848801.

Concerning 7(a) Loans Approved within 90 Days of Each Other

Lenders should understand that when multiple 7(a) loans are approved for the same applicant, including affiliates, within a 90-day period, they are treated as one loan for guaranty percentage and upfront fee calculation. This applies regardless of whether the loans are approved by the same or different lenders. The Annual Service Fee is calculated separately for each loan.

When calculating the upfront fee for subsequent loans within this 90-day period, it should be based on the combined fee minus what's already paid for the first loan. The fee will not result in a negative amount. Lenders must not divide loans to evade fees. These rules apply regardless of the lenders involved.

Additional Upfront Fees for Short Term 7(a) Loans

Lenders should be aware that extending the maturity of a short-term 7(a) loan over \$1,000,000 beyond 12 months requires an extra Upfront Fee. Similarly, an additional Upfront Fee will be due for any EWCP loan over \$1,000,000 with an original maturity date of up to 24 months when that maturity date is extended to between 25 and 36 months. Lenders can seek help from the relevant SBA Commercial Loan Service Center or the Office of International Trade for EWCP loans. This extra fee must be electronically paid to the SBA within 30 days of agreeing to the extension, or the loan guaranty will be canceled. Lenders can charge this extra fee to the borrower after notifying the SBA about the maturity extension and making the payment.

The notice provides more details regarding the information above, and also outlines Upfront Fees for SBA Express loans made to veteran-owned small businesses, Upfront Fees for and Export Working Capital Program (EWCP) loans, and additional upfront fees for increases to the original loan amount.

Stay informed, adapt to the changes, and rely on Satel Law for expert advice to navigate the evolving landscape of SBA loan requirements. Together, we can navigate these modifications and achieve your lending objectives effectively.

For more further information please contact the attorneys at Satel Law at 813.563.0636 or email us at sba@satellawfirm.com

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