
Bank Notes

A Newsletter for Michigan Lenders

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Issue 164

Reinstatement of Recovery Act Provisions

On December 19, 2009, the President signed legislation to provide an additional \$125 million to support approximately \$4.5 billion in new 7(a) and 504 loans under Sections 501 and 502 of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Specifically, these funds are available for the payment of certain 7(a) and 504 loan fees and a higher SBA guaranty for certain 7(a) loans. (For more detailed information on Sections 501 and 502 of the Recovery Act, see SBA Policy Notices 5000-1097, Implementation of Section 501 of the Recovery Act – Fee Elimination Provisions, and 5000-1098, Implementation of Section 502 of the Recovery Act – Up to a 90 Percent Guaranty on 7(a) Loans. Both policy notices may be found at www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_09_NOTICES.html.)

SBA Information Notice 5000-1136 explains how SBA will administer the new funds. This Notice may be found at www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_10_NOTICES.html. We encourage all SBA lenders to read this Notice for information on Funding of Loans in Queue; Fee Refunds and Loan Cancellations; Extension of the Higher Guaranty on 7(a) Loans; and Continuing Requirements.

Questions concerning this Notice should be directed to Allen Cook or Ken Kolasa in the Michigan District Office at Allen.Cook@sba.gov or Kenneth.Kolasa@sba.gov.

Recovery Act Loan Documentation

SBA has issued Information Notice 5000-1134 that outlines the documentation requirements for Recovery Act Loans. The notice outlines specific areas including:

- Borrower certification of hiring practices
- Reimbursement of Borrower Fees for 7(a) and 504 Loan Guarantees
- Allowable Uses of Recovery Act Funds

View the notice at www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_10_NOTICES.html.

Lender Portal Updates

In order to increase transparency, the Small Business Administration's Office of Credit Risk Management is adding loan level credit quality data to its Lender Portal. Starting with the June 30, 2009 quarterly update, the Lender Portal will now include for each 7(a) lender and 504 Certified Development Company, a list of all the lender's outstanding loans. The loans will be separated into high, medium, and low risk categories. The category a loan is placed in is based on the Small Business Portfolio Solutions credit score a loan receives. Each risk category – high, medium and low – contains a range of credit scores consistent with that level of risk. This information will assist SBA Lenders to proactively monitor, manage, and mitigate the risk in their SBA loan portfolios.

Please go to SBA Information Notice 5000-1137 (at www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_10_NOTICES.html) for a list of frequently asked questions (FAQs) which provides additional information about the Lender Portal, the new credit quality data available, and SBA's Loan and Lender Monitoring System.

For any questions, please contact Bryan Hooper, Director, Office of Credit Risk Management, at Bryan.Hooper@sba.gov.

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Michigan Lenders' Web site
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