



SBA LENDER'S NEWSFLASH #09-11



Leon Milobar, Nebraska District Director
(402)221-3620 or leon.milobar@sba.gov
Michael Niehaus - Lead Lender Relations Specialist
(402)221-7210 or michael.niehaus@sba.gov

New Alternative Size Standards

SBA believes that temporarily applying an alternative size standard to the 7(a) program will provide an effective mechanism for the Federal Government to extend crucial financial assistance to small businesses that cannot obtain financial assistance in the current economic environment. This temporary new size standard is in effect from May 5, 2009 through September 30, 2010.

The interim final rule that was published in the *Federal Register* on May 5, 2009 can be found at 74 FR 20577.

The new alternative size standard for 7(a) loan applicants is the same as that for 504 loan applicants and is described as follows:

“Including its affiliates, tangible net worth not in excess of \$8.5 million, and average net income after Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years not in excess of \$3.0 million.”

The rule sets forth a separate computation for “net income after Federal income taxes” if the applicant is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to its shareholders, partners, beneficiaries, or other equitable owners.

The 7(a) loan application forms and checklist are in the process of being revised as necessary to reflect this change.

www.sba.gov/ne
www.sba.gov/banking

###

Released May 8, 2009