

SBA LENDER'S NEWSFLASH #10-11

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Reactivation of Recovery Loan Queues for 7(a) and 504 Recovery Act Loans

As a result of increased lending activity since the American Recovery and Reinvestment Act (ARRA) and in anticipation of the end of the current ARRA funding, the SBA has reactivated loan queues for 7(a) and 504 loans. Eligible 7(a) loan applications in the Recovery Loan Queue which receive an SBA loan number by May 31, 2010, will be qualified for fee relief and an increased guaranty percentage.

PLEASE SEE SBA NOTICE 5000-1153 AT THE END OF THIS NEWSFLASH.

Applications submitted as new ARRA loans up to May 31, 2010, will be processed up to the point of approval then placed in the queue for ARRA funding. Any loans in the Recovery Loan Queue funded by the SBA after May 31, 2010, will only be eligible for fee relief, not the increased guaranty, until ARRA funds are exhausted.

If you need the higher guaranty as well as the fee relief, you should hold off on submitting your SBA loan request until, and if, new ARRA funding is provided. There is no guarantee that there will be new ARRA funding available.

We emphasize SBA loan programs will continue beyond the availability of ARRA provisions, with applicable fees and lower guaranty levels.

At any time while waiting in the queue, an applicant may choose to withdraw and re-submit an application for a non-ARRA funded loan, with the condition that all loan fees and lower guaranty levels will be restored. Also, if the loan is approved as a non-ARRA loan and additional Recovery Act funding subsequently becomes available, that loan can not be cancelled and resubmitted as a Recovery Act loan.

The full SBA Procedural Notice describing the provisions of the reactivation of the loan queue is available at http://collab.sba.gov/notices/SBA_Procedural_Notices/5000-1153.doc and will be available soon under the [Notices section](#) on our local Nebraska SBA web site. We strongly encourage you review the formal notice to get the complete picture, and as always, feel free to call the Nebraska District Office for clarification.

**SBA Nebraska wants to say “Thank You” for your continuing support of
Nebraska’s small businesses!**

****The Nebraska District Office would also like to remind you to contact us if you are having problems working with our loan center(s).**

PLEASE DO NOT WAIT!

If you have any questions or need additional guidance, please contact our office at 402-221-4691.

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

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SBA Information Notice

TO:	All SBA Employees	CONTROL NO.:	5000-1153
SUBJECT:	Reactivation of Recovery Loan Queues for 7(a) and 504 Recovery Act Loans	EFFECTIVE:	5/25/2010

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") (P.L. 111-5). The Recovery Act authorized SBA to provide fee relief for certain 7(a) and 504 loans and a higher guaranty percentage on eligible 7(a) loans. Both initiatives have contributed to a significant resurgence in lending to small businesses by SBA's 7(a) lenders and Certified Development Companies (CDCs).

Section 502 of the Recovery Act authorized SBA to guarantee up to 90 percent on eligible 7(a) loans through February 16, 2010. This authority was extended several more times through May 31, 2010. Fee relief on certain 7(a) and 504 loans under Section 501 of the Recovery Act is authorized until September 30, 2010 or until funds provided for that purpose are exhausted.

As a result of increased lending activity and in anticipation of the end of the availability of Recovery Act funds, the Recovery Loan Queues for conditionally approved 7(a) and 504 Recovery Act loans will again be used effective with the date of this Notice.

Eligible 7(a) loan applications that are in the Recovery Loan Queue and are funded (as evidenced by receipt of an SBA loan number) by May 31, 2010 will be eligible to receive both fee relief and the higher guaranty percentage. However, any application that is in the Recovery Loan Queue that is funded after May 31, 2010, will only be eligible for fee relief, unless Congress again extends the authority for the higher 7(a) guaranty by May 31, 2010. If Congress extends SBA's authority for the higher 7(a) guaranty after May 31, 2010, only those applications received by SBA on or after the effective date of the extension will be eligible to receive the higher guaranty.

Applications submitted as new Recovery Act loans will be processed up to the point of approval and then will be placed into the Recovery Loan Queues awaiting the availability of Recovery Act funds. As Recovery Act funds become available, applications placed into the SBA Recovery Loan Queues will be funded (as evidenced by receipt of an SBA loan number) in the order they were approved by SBA.

Requests for increases for previously approved 7(a) and 504 Recovery loans will continue to be placed in the Recovery Loan Queues and will be approved as funds become available through the cancellation of loans that were funded from the same appropriations that originally funded the loan. However, if the previously approved loan has a higher guaranty, any request for an increase will need to be approved by SBA by May 31, 2010. After May 31, 2010, for such requests, the amount of the increase will need to be submitted as a new loan request that will be eligible to receive fee relief but not the higher guaranty.

As a reminder, for 7(a) and 504 Recovery loans that were funded from the appropriations provided by the Temporary Extension Act of 2010 (i.e., loans approved between March 2 and March 28, 2010), no requests for increases may be considered. If the borrower needs additional funds, a new loan application will be required.

At any point while waiting in the SBA Recovery Loan Queues, a lender may ask that a request for an increase be withdrawn and re-submitted as a new, non-Recovery Act loan with all applicable fees and lower guaranty levels. Note: No refund of applicable fees should be expected if additional Recovery Act funding subsequently becomes available. Also, if a loan is approved as a non-Recovery Act loan and additional Recovery Act funding subsequently becomes available, that loan may not be cancelled and re-submitted as a Recovery Act loan.

Applicants will be able to determine where they are in the SBA Recovery Loan Queue by accessing SBA's website. The website address is www.sba.gov/recoveryq.

SBA Field Offices will advise lenders and CDCs of this Notice. Questions concerning this Notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/localresources.

Grady B. Hedgespeth
Director, Office of Financial Assistance