

### Update SOP 5(b)

The Small Business Administration has announced an update to the Standard Operating Procedure (SOP) 50 10 5. This will be known as SOP 50 10 5(b) or just SOP 5(b). We are highlighting several changes made to this version of the SOP:

- SBA changed the guidance for financing transactions involving intangible assets.
- The 504 refinancing authority in the American Recovery and Reinvestment Act was incorporated.
- Confirms the guidance on establishing the maximum fixed interest rate more closely to the regulation which states that SBA will periodically publish the maximum allowable fixed rate in the Federal Register. The maximum allowable rate will be based on the LIBOR swap rate, which will permit borrowers to get a fixed rate loan that is based on the cost of a swap contract for a LIBOR-based variable rate loan.
- Revised the guidance on post construction certifications to require the appraiser to state that the building was built according to plans and specifications with only minor modifications (if any).
- Clarified that any credit card debt that is going to be refinanced must be business related credit card debt and provided guidance on how to document that such credit card debt is business related.
- Conformed the 20% improvement in cash flow requirement on refinanced debt in the 7(a) program to 10% to match the recently implemented requirement in the 504 program, and clarified that the improvement in cash flow requirement does not apply to certain types of debt allowed to be refinanced (such as long term debt structured with a balloon payment).
- Clarified that lenders are to follow their existing policy on conventional loans for site visits on their SBA-guaranteed loans.
- Conformed to the regulatory requirement that lenders review the character of the operating company as well as the individual owners and clarified that the credit write-up is to include a discussion of any Federal, State, or local citations or probations that would affect the ability of the business to continue operations.
- Provided guidance on documenting the lender's inability to perfect a lien on marketable securities.
- Included a description of a new, expedited service for income verification offered by the IRS (from Notice 5000-1087).
- Revised the guidance to provide that the CDC determines whether a change of ownership results in a "New Business," which requires an additional 5% borrower's contribution.

*(Continued on back)*

### CONTACT SCKEDD TODAY!

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#### Your SCKEDD 504, 7(a) and ARC Team is:

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**WE'VE MOVED!**  
SCKEDD's new offices are at 200 W. Douglas, Suite 710, Wichita, KS 67202.  
Our phone and fax numbers remain the same.

### Monthly Rate Corner

504 Rates based on the most recent Debenture Sale

	"Note Rate"	"Effective Rate" (includes fees)
10-Year *	3.196%	4.256%
20-Year **	3.982%	4.861%

\* Sept. 2009 (10-year Debentures sell every other month)  
\*\* October 2009

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## SOP 5(b) (continued from front page)

- Clarified that Section 504 Third Party Lender may close and begin amortizing its loan as long as the 504 project is completed and the business is in operation at the Project location even though the debenture has not yet funded.
- Enhanced the requirements for documenting the fact that a borrower cannot obtain credit elsewhere.

For the complete list of changes in the SOP please refer to SBA's website ([www.sba.gov](http://www.sba.gov)).

For interpretive guidance, contact Sandra Ring at SCKEDD by calling 316-262-7035 or e-mailing her at [sandy@sckedd.org](mailto:sandy@sckedd.org). Or you can contact the Wichita District Office of the Small Business Administration by calling 316-269-6616.

## 7(a) Loan Program Yearly Fee

Each year SBA reviews the fees payable to SBA by 7(a) participating lenders (Lenders), certified development companies (CDCs, like SCKEDD), and borrowers to determine if they are sufficient to cover the estimated costs of the 7(a) and 504 loan programs.

For 7(a) loans approved on or after October 1, 2009, the "Yearly Fee" due from Lenders to SBA will be 0.55 percent (55 basis points) of the guaranteed portion of the outstanding balance on the 7(a) loan. This fee remains the same as for FY 2009. The 7(a) Yearly Fee is imposed under Section 7(a)(23) of the Small Business Act and is referred to as the "on-going service fee" in the 7(a) Authorization Wizard.

All other fees in the 7(a) loan program will be the same as for FY 2009.