



# SBA Information Notice

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<b>TO:</b>	All SBA Employees and SBA Lenders	<b>CONTROL NO.:</b>	5000-1954
<b>SUBJECT:</b>	7(a) and 504 Fees Effective October 1, 2017	<b>EFFECTIVE:</b>	August 15, 2017

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Each year SBA reviews certain fees payable to SBA by 7(a) participating lenders (“Lenders”), Certified Development Companies (“CDCs”), and borrowers to determine if any of those fees need to be adjusted to cover the estimated subsidy costs of the 7(a) and 504 loan programs. This Notice announces the FY18 annual service fee (also known as the “on-going guaranty fee”) and upfront guaranty fee for all 7(a) and 504 loans, except for loans made to veterans. A separate notice will be issued providing information about the fees applicable to loans made to veterans.

**For all 7(a) loans (except loans to veterans), the following fees are effective for loans approved October 1, 2017 through September 30, 2018.**

For 7(a) loans in the amount of \$125,000 or less approved in FY18:

1. The annual service fee will be increased to 0.55% (55 basis points) of the guaranteed portion of the outstanding balance of the loan. Lenders must manually adjust this fee in the current Authorization Wizard.
2. The upfront guaranty fee will be zero for all 7(a) loans in the amount of \$125,000 or less. Lenders may not assess the borrower for any guaranty fee in connection with these loans. Lenders will need to manually adjust these fees in the current Authorization Wizard.

For 7(a) loans greater than \$125,000 approved in FY18:

1. The annual service fee will be increased to 0.55% (55 basis points) of the guaranteed portion of the outstanding balance of the loan. Lenders must manually adjust this fee in the current Authorization Wizard.
2. The upfront guaranty fees will continue to depend on the loan amount and the maturity of the loan.
  - a. For loans with a maturity that exceeds 12 months, the fees are:
    - For loans of \$125,001 to \$150,000: 2% of the guaranteed portion
    - For loans of \$150,001 to \$700,000: 3% of the guaranteed portion
    - For loans of \$700,001 to \$5,000,000: 3.5% of the guaranteed portion up to \$1,000,000 plus 3.75% of the guaranteed portion over \$1,000,000
  - b. For loans with a maturity of 12 months or less, the fee remains 0.25% of the guaranteed portion.

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**EXPIRES: 8/1/2018**

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SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58

For guidance on when all 7(a) loan fees are due, see SOP 50 10 5(I), Subpart B, Chapter 3.

When two or more SBA-guaranteed loans are approved within 90 days of each other, the guaranty percentage and guaranty fee are determined based on the aggregate amount of the loans. This represents no change to current policy. Lenders are not permitted to split loans for the purpose of avoiding fees.

**For all 504 loans, the following fees are effective for loans approved October 1, 2017 through September 30, 2018.**

For 504 loans approved in FY18:

The upfront guaranty fee for 504 borrowers will continue to be zero. The annual service fee is reduced to 0.642% (64.2 basis points) of the outstanding balance of the loan.

For 504 Debt Refinance loans approved in FY18:

The upfront guaranty fee for 504 borrowers will continue to be zero. The annual service fee is reduced to 0.642% plus 0.04%, for a total of .682% (64.2 basis points plus 4.0 basis points) of the outstanding balance of the loan.

**Notification and Questions**

SBA field offices must notify Lenders and CDCs about the fees. 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/about-offices-list/2](http://www.sba.gov/about-offices-list/2).

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Dianna L. Seaborn  
Director  
Office of Financial Assistance