



SBA Information Notice

TO: All SBA Employees and 7(a) Lenders

CONTROL NO.: 5000-836123

SUBJECT: 7(a) Fees Effective October 1, 2022,
for Fiscal Year 2023

EFFECTIVE: August 31, 2022

Each year SBA reviews certain fees payable to SBA by 7(a) Lenders (“Lenders”) and borrowers to determine the appropriate fees to manage the estimated costs of the 7(a) loan program.¹

This Notice announces (1) the 7(a) Lender’s Annual Service Fee (also known as the “Lender’s Annual Service Fee”) and the SBA Guaranty Fee (also known as the Upfront Fee) for 7(a) loans for fiscal year 2023 (FY 2023), and (2) the exceptions to those fees authorized for FY 2023 for the 7(a) loan program.

The following fees are effective for all 7(a) loans approved on October 1, 2022, through and including September 30, 2023. For guidance on when all 7(a) loan fees are due, see [SOP 50 10 6](#), Part 2, Ch. 5, Para. C. All loan amounts are based on the gross loan approval amount, including the SBA-guaranteed and unguaranteed portions.

- 1. 7(a) Lender’s Annual Service Fee:** The FY 2023 Lender’s Annual Service Fee, based on *gross loan approval amount*, including SBA-guaranteed and unguaranteed portions, will be:
 - a) For loans of \$500,000 and less: 0.00%.
 - b) For loans of \$500,001 to \$5,000,000: 0.55% of the guaranteed portion of the outstanding balance of the loan.

Lenders must manually adjust this fee in the Authorization Wizard.

- 2. Upfront Fee:** Except for Export Working Capital Program (EWCP) loans and SBA Express loans made to veteran-owned businesses, as defined in the attachment to this Notice, the FY 2023 Upfront Fee, based on gross loan approval amount, including SBA-guaranteed and unguaranteed portions, will be:

¹ Fees are effective for the entire fiscal year to maintain the estimated costs of the program unless subsequent Congressional acts modify the program’s effective subsidy costs.

- a) For loans with a maturity that exceeds 12 months, the Upfront Fees are:
 - i) For loans of \$500,000 or less: 0.00%.
 - ii) For loans of \$500,001 to \$700,000: 0.55%.
 - iii) For loans of \$700,001 to \$1,000,000: 1.05%.
 - iv) For loans \$1,000,001 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 Upfront Fees are:
 - i) For loans of \$500,000 or less: 0.00%.
 - ii) For loans \$500,001 and greater: 0.25% of the guaranteed portion.

3. Multiple 7(a) loans made within 90 days of each other: When two or more 7(a) loans (with maturities exceeding 12 months) made to an applicant (including its affiliates) are approved within 90 days of each other, the loans are considered as one loan for the purpose of determining the percentage of guaranty.

Lender's Annual Service Fee: The fee is set for each loan on a standalone basis without respect to any other loans made (i.e., the loans are not aggregated).

Upfront Fee: The applicable fee for the subsequent loan(s) will equal the amount of the fee that would have been charged had the loans been combined, less the fee that was paid or is due to be paid on the first loan approved. The fee will never be a negative amount.

Example 1: On September 1, 2022 (FY 2022), a loan was approved for \$400,000 and was subject to a 2.77% Upfront Fee per the fee schedule for FY 2022². The Upfront Fee due was \$8,310 ($\$400,000 \times 0.75 \times 0.0277$). On October 3, 2022 (FY 2023), the borrower received a second loan for \$50,000 and was subject to a 0% Upfront Fee per the fee schedule for FY 2023. The Upfront Fee paid, or due to be paid on the first loan remains at \$8,310.

Example 2: On October 5, 2022 (FY 2023), a loan was approved for \$400,000 with \$0 Upfront Fee due. On November 15, 2022, a second loan was approved for \$150,000, taking the total of the two loans made within 90 days to \$550,000 and making them subject to the 90-day rule. Therefore, an Upfront Fee of \$2,269 (0.55% of the combined guaranty portions of the loans, or $\$550,000 \times 0.75 \times 0.0055$) will be due. However, if the second loan was approved more than 90 days after the first loan was approved, no fee would be due.

Lenders are not permitted to split loans for the purpose of avoiding fees. These rules apply regardless of whether the loans were approved by the same or different 7(a) Lenders.

² See SBA Information Notice [5000-818641](#) for 7(a) fees for FY 2022.

4. Additional Upfront Fee for Extensions of Short-Term 7(a) Loans

When the maturity of a short term 7(a) loan greater than \$500,000 is extended beyond 12 months, an additional Upfront Fee is due. In addition, as stated in paragraph 5 below, when an EWCP loan greater than \$500,000 with an original maturity of up to 24 months is extended beyond the original maturity date and up to 36 months, an additional Upfront Fee is due. Lenders may contact the appropriate [SBA Commercial Loan Service Center](#) (or the Office of International Trade for EWCP loans) for assistance. The additional fee must be paid electronically to SBA within 30 days from the date the Lender agrees to the extension, or the total loan guaranty will be cancelled. The Lender may charge the additional fee to the borrower after the Lender has notified SBA that the maturity has been extended and has paid the additional Upfront Fee.

5. Upfront Fee for EWCP Loans of any Size (up to \$5 million maximum):

- a) For EWCP loans of \$500,000 or less, regardless of maturity, the Upfront Fee is 0.00%;
- b) For EWCP loans greater than \$500,000 with a maturity of 12 months or less, the Upfront Fee is 0.25% of the guaranteed portion;
- c) For EWCP loans greater than \$500,000 with a maturity of 13 up to 24 months, the Upfront Fee is 0.525% of the guaranteed portion;
- d) For EWCP loans greater than \$500,000 with a maturity of 25 up to 36 months, the Upfront Fee is 0.80% of the guaranteed portion.

When an EWCP loan greater than \$500,000 with an original maturity of up to 24 months is extended beyond the original maturity date and up to the maximum EWCP maturity of 36 months, an additional Upfront Fee is due to SBA. The Lender must pay SBA the difference in the Upfront Fee originally paid and what the fee would have been if initially approved at the new longer maturity.

Example: If an EWCP loan greater than \$500,000 is originally approved with a 24-month maturity and the maturity is extended to 36-months, the Upfront Fee due to SBA is then increased from 0.525% of the guaranteed portion to 0.80% (guaranty fee for EWCP loans with maturities of 25 months up to 36 months) of the guaranteed portion of the EWCP loan. Therefore, the Lender must remit to SBA the additional Upfront Fee of 0.275% of the guaranteed portion (the updated guaranty fee due of 0.80% minus the 0.525% guaranty fee already paid).

6. Additional Fee for 7(a) Loan Increases

When a 7(a) loan is increased, additional fees are due on that amount. The additional fees are based on the rules in effect at the time the loan was originally approved.

- a) The amount of the additional Upfront Fee due for an increase will equal what the fee would have been if the increase was part of the original loan amount, less the amount of the original fee (if already remitted).

Example 1: Loan made in FY 2022 and increased in FY 2023: A 7(a) loan was made in FY 2022 for \$350,000 with a 75% guaranty. When the loan was initially

made in FY 2022, the Upfront Fee was \$0, per the FY 2022 fee schedule for loans of \$350,000 or less. In FY 2023, the loan was increased from \$350,000 to \$400,000. Even though the loan is being increased in FY 2023, the loan remains subject to FY 2022 fees, which for loans \$350,001 to \$700,000, is 2.77%. The amount of the Upfront Fee due to SBA is increased from \$0 to \$8,310 ($\$400,000 \times 0.75 \times 0.0277$).

Example2: Loan made in FY 2023 and subsequently increased in FY 2023:

A loan was made in FY 2023 for \$680,000 with a 75% guaranty. The Upfront Fee due is **\$2,805** ($\$680,000 \times 0.75 \times 0.0055$), per the FY 2023 fee schedule.

Later in FY 2023, the loan is increased from \$680,000 to \$705,000. The FY 2023 fee schedule indicates the Upfront Fee for loans \$700,001 to \$1,000,000 is 1.05%. The guaranty percentage remains at 75%, but an additional Upfront Fee is now due. The additional Upfront Fee due when the loan is increased is **\$2,747** (Calculations – Step 1: $\$705,000 \times 0.75 \times .0105 = \$5,552$ (amount due if the entire loan was made at once). Step 2: $\$5,552 - \$2,805$ (the amount paid when the loan was first made) = $\$2,747$)

- b) The additional Upfront Fee associated with the increase must be paid electronically within 30 days from the date the increase was approved, or the total loan guaranty will be cancelled.
- c) On loans that have been initially disbursed, the Upfront Fee associated with any increase approved by SBA must be paid to SBA, even if the increase is subsequently cancelled. Note: This is not a new policy. SBA is re-stating it here in response to questions received.
- d) In FY 2023, as in FY 2022, SBA will be unable to approve increases to 7(a) loans that were approved from December 27, 2020, through September 30, 2021. The Economic Aid Act provided for higher guaranty percentages and fee reductions for eligible 7(a) loans as described in [Information Notice 5000-20084](#). These authorities expired on September 30, 2021; therefore, a request by a borrower for additional funding on a 7(a) loan approved during the time period when the Economic Aid Act provisions were in effect must be submitted as a new loan application.
- e) The Lender's Annual Service Fee for a loan is calculated based on the guaranteed portion of the outstanding balance of the loan in accordance with the fee schedule in effect at the time the loan was approved. When the loan is increased, the fee is recalculated based on the revised loan amount.

Example: In FY 2022, a loan was approved for \$950,000 and was subject to a Lender's Annual Service Fee of 0.49% of the guaranteed portion of the outstanding balance of the loan, per the fee schedule for FY 2022. In FY 2023, the loan was increased, and the gross loan approval amount was greater than \$1 million. Since the increase is being made to a loan that was approved in FY 2022 loan, the FY 2022 fees apply, and the Lender's Annual Service Fee is increased to 0.55% of the guaranteed portion of the outstanding balance of the loan, per the FY 2022 fee schedule.

If the loan is sold on the secondary market, the FTA, as paying agent, will make the corresponding adjustment to the net note rate to the investor to reflect the correct

Lender's Annual Service Fee owed, if any, to SBA even if there is a subsequent loan increase added to the loan sale.

See SOP 50 10 6 Part 2, Section A, Chapter 6 for more information on additional fees for loan increases.

7. Upfront Fee for SBA Express Loans Made to Veteran-owned Small Businesses:

For all SBA Express loans made to businesses owned and controlled by a [veteran](#) or spouse of a veteran, the Upfront Fee will be \$0 in accordance with section 7(a)(31)(G) of the Small Business Act (15 U.S.C. § 636(a)(31)(G)).

Lenders must document in their loan file the veteran eligibility for fee relief using the documentation in the Attachment to this Notice and must include a copy of that documentation with any guaranty purchase request.

There is no additional fee relief available for 7(a) loans approved in FY2023.

Questions:

Questions concerning this Notice may be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

Dianna L. Seaborn
Director
Office of Financial Assistance

Attachment to SBA Information Notice 5000-836123

SBA Veteran Qualifications

In order to qualify for the fee relief, set forth in section 7(a)(31)(G) of the Small Business Act, as discussed in this Notice, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the following groups:

- [Veterans](#) (other than a veteran who received a Dishonorable or Bad Conduct Discharge);
- Service-Disabled Veterans;
- Active Duty Military service member participating in the military's Transition Assistance Program (TAP);
- Reservists and National Guard Members; or
- Current spouse of any Veteran, Active Duty service member, or any Reservist or National Guard member; or widowed spouse of a service member who died while in service or of a service-connected disability.

SBA Veteran Documentation Requirements

- Veteran: Copy of Form DD 214, "Certificate of Release or Discharge from Active Duty," provided for other than dishonorably discharged veterans.
- Service-Disabled Veteran: Copy of Form DD 214 or documentation from the U.S. Department of Veterans Affairs (DVA) that the veteran has been determined as having a service-connected disability.
- Transitioning Active-Duty Military Member: DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and DD Form 2648 (Active-Duty Military member) or DD Form 2648-1 (Reserve Component member).
- Reservists and National Guard: DD Form 2, Armed Forces of the United States Identification Card (Reserve).
- Current Spouse of Veteran: The veteran's Form DD 214 and evidence of status as a current spouse.
- Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member: DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card, and evidence of status as the current spouse.
- Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service-connected disability: Documentation from DOD or from DVA clearly showing this to be the case.

Acceptable Alternatives

If the veteran's DD Form 214 is unavailable, an NA Form 13038, "Certification of Military Service," is an acceptable equivalent.

For any category listed above that requires a photocopy of a military ID, as an alternative to photocopying the military ID, the service member may provide a "statement of service" signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters to which they are attached. There is no one unique form used by the military for a statement of service. While statements of service are typically on military letterhead, some may be computer-generated. The statement of service must clearly show:

- 1) The Service member's full name;
- 2) The Service member's Social Security Number (SSN) or the last 4 digits of SSN;
- 3) The entry date on active duty or the entry date of applicant's Reserve/Guard duty, as applicable (depending on whether the applicant is on active duty or is a current member of the Reserves or National Guard);
- 4) The duration of lost time, if any (for active duty); and
- 5) The name of the command providing the information.

Note for Current Reserve/Guard Members: The statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).