

# U.S. Small Business Administration Office of Capital Access

504 Connect Call  
June 4, 2019



U.S. Small Business  
Administration

# Office of Capital Access

**John Miller**

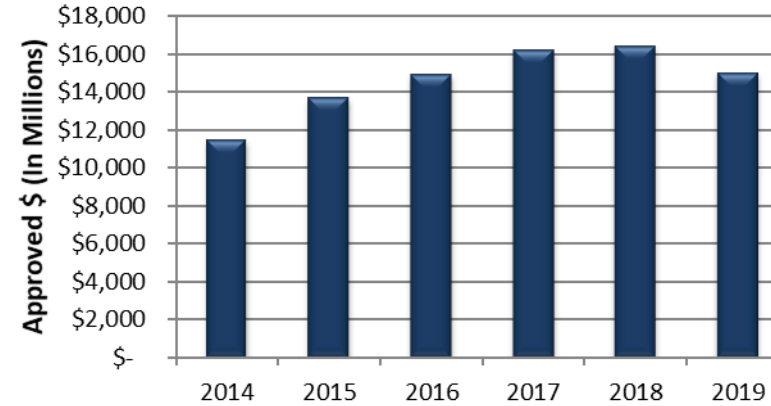
**Deputy Associate Administrator**

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# YTD Activity – Total 7(a) and 504

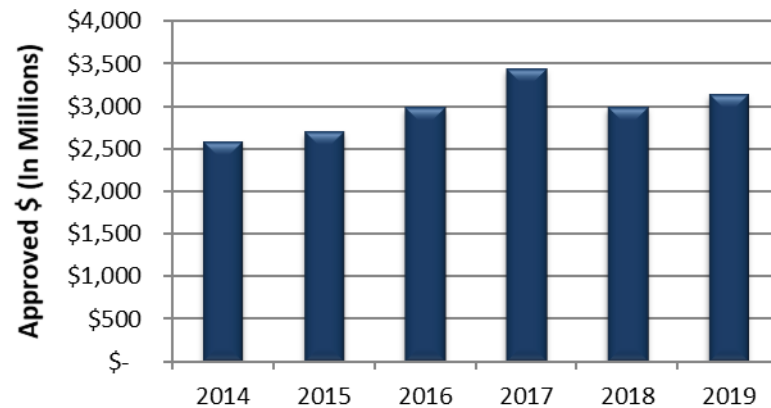
## 7(a) Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2019	34,079	\$ 15,053,434,400
2018	39,607	\$ 16,464,788,300
2017	39,681	\$ 16,272,810,100
2016	41,351	\$ 14,987,669,843
2015	38,539	\$ 13,742,268,900
2014	31,958	\$ 11,471,144,100



## 504 Lending Activity

Fiscal Year	Approved Loans	Approved Dollars
2019	3,902	\$ 3,150,569,000
2018	3,682	\$ 2,997,581,000
2017	4,210	\$ 3,440,267,000
2016	3,740	\$ 2,998,422,000
2015	3,744	\$ 2,710,619,000
2014	3,707	\$ 2,587,747,000





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# Office of Performance and Systems Management

**Steve Kucharski**

**Director**

[Stephen.Kucharski@sba.gov](mailto:Stephen.Kucharski@sba.gov)



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# Office of Financial Assistance

**Dianna Seaborn**

**Director**

**[Dianna.Seaborn@sba.gov](mailto:Dianna.Seaborn@sba.gov)**



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# Office of Financial Program Operations

**Jihoon Kim**

**Director**

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# Sacramento Loan Processing Center

**Hien Nguyen**

**Director**

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# PROJECTIONS

**19% screen outs and 31% declines  
were due to repayment including  
projections  
(in the 1st six months of FY19)**



# ASSUMPTIONS

- ◆ **Numbers are important but the assumptions and CDC analysis is even more important**
  - ◆ **Do the assumptions make sense?**
- ◆ **Are the projections supported by historical trend, independent data, studies?**

# PROJECTIONS AND 327 ACTIONS

- ◆ **No Adverse Change**
  - ◆ **Increases**
- ◆ **Significant changes to size and scope of project**

# AFFILIATION

- ◆ **#1 IPERA audit finding**
- ◆ **Common screen out and decline**
  - ◆ **Size standard, prior government debt (including SBA loans) and legislative limit**

# AFFILIATION/OWNERSHIP

- ◆ **100% ownership**
- ◆ **Familial ownership**
- ◆ **Complex ownership entities**

# AFFILIATION/CONTROL

- ◆ **Minority ownership**
- ◆ **Management company**
  - ◆ **Same industry**
  - ◆ **Negative control**

# AFFILIATION AND 327 ACTIONS

- ◆ **Ownership changes**
- ◆ **Adding guarantors**
- ◆ **No adverse change**



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## Sacramento Loan Processing Center

**916-735-1214**

**504Questions@sba.gov**

**\*Sign up for the CDC Weekly  
Update email**



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# Office of Credit Risk Management

**Susan Streich**

**Director**

**[Susan.Streich@sba.gov](mailto:Susan.Streich@sba.gov)**



# Office of Credit Risk Management

The mission of the Office of Credit Risk Management is to ensure the integrity and maximize the effectiveness of SBA's lending programs by managing portfolio risk, monitoring lender performance, and enforcing lending program requirements.

# **SBA Form 159**

## **Fee Disclosure Form and Compensation Agreement**

**Current Version Required for use as of November 1, 2018**

# Reporting of Fees

- **Outside packagers (not engaged by the CDC) may be reimbursed by the borrower. However, any fees must be documented on the SBA Form 159. Fees in excess of \$2,500 must include an itemization of the hourly rate and activities actually performed on the SBA Form 159. Such fees must be reasonable and customary.**
- **All Referral Fees, whether paid for by the CDC or received by the CDC in connection with a 504 loan must be reported on the SBA Form 159.**
- **A separate SBA Form 159 must be executed for each Agent.**

# Reporting of Fees

- **For Loans that closed since April 1, 2019 (effective date of SOP 50 10 5(K)): The CDC must upload the SBA Form 159 into E-Tran within 30 days of the initial disbursement of the loan.**
- **For loans closed prior to April 1, 2019, the CDC may either include copy of the SBA Form 159 in the CDC's Annual Report or upload the SBA Form 159 into E-Tran.**
- **CDCs are required to retain an original signature [unless signed electronically in accordance with applicable standards governing electronic records] version of the form in their files for compliance review purposes.**
- **SBA reserves the right to review any fees charged to the Applicant.**

# Out of Pocket Expenses

- **Do not need to be reported on Form 159**
- **Are necessary expenses that are a result of SBA policy requirements**
- **Direct Costs – UCC Filings, Recording Fees, collateral appraisals, etc. that are obtained in compliance with SBA policy**
- **Document preparation that MUST be done by a third party professional (attorney, environmental professional, etc.) in connection with a loan closing**

*Not reported – but, the costs must be itemized and kept in the respective loan file.*

# Risk Based Review Results

- **Common Clerical Errors with the SBA Form 159**
  - **Form signed by borrower before it is completed by CDC**
  - **Missing SBA Loan Number**
  - **Type of Agent Not Identified**
  - **Type of Service Provided not Identified**
  - **Itemized Services not Provided for Packaging Fees in Excess of \$2,500**

## Best Practices

- **Retain Documentation with original signature to Support Upload to E-Tran**
- **Retain documentation to support the testing of applicable parties against the System for Awards Management (SAM) Excluded Parties List System (EPLS), or successor**

## **If You Are Successful, We are Successful**

**OCRM strives to help lending partners understand how best to fulfill the requirements of the lending programs in a way that is mutually beneficial. Lending partners are crucial to the overall success of these programs and enable SBA executive management to make more informed decisions on program policy.**

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## **How can we help you?**



# Upcoming Calls

**7(a) Connect Call July 9, 2019** at 3:00 Eastern

Register at: <http://ems8.intellor.com?do=register&t=1&p=813054>

**504 Connect Call September 24, 2019** at 3:00 Eastern

Register at: <https://ems8.intellor.com?do=register&t=1&p=812220>

**504 Connect Call December 17, 2019** at 3:00 Eastern

Register at: <https://ems8.intellor.com?do=register&t=1&p=812221>

# Event Invitations

## **7(a) Loan Program:**

[SBAConnect@sba.gov](mailto:SBAConnect@sba.gov)

## **504 Loan Program:**

Send requests to Ginger Allen: [ginger.allen@sba.gov](mailto:ginger.allen@sba.gov)

Invitations sent from: [504Webinars@sba.gov](mailto:504Webinars@sba.gov)

Please ensure all 3 email addresses are “whitelisted” in spam filters

SBA LRSs will receive invitations through OFO



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