

### In These Tough Times You Are Not Alone!

In these particularly trying economic times you will continue to find us available to help you with your lending projects. Suggestions can be offered to fill in the gap between what you are comfortable doing and what the project needs. We have money to lend. We can help you to take advantage of the many different SBA loan programs.

With a 504 loan your customers can get up to 40% of their project funded with long-term fixed rate financing. The SBA fees are now very low. The rates are also low (see the rate section below). Remember the 504 loan gives you the first lien position in the project while only funding 50% of the total project. The SBA takes the next 40% and your customer only has to fund the remaining 10% (in most cases). This will give you a Loan/Value of 50% which is a strong L/V and lessens your level of risk. We can package a companion 7(a) loan if there are funding needs outside eligible 504 fixed assets. Internal loan funds are also available that can be used to fill in the gap.

We want to partner with you. We can help you maintain and hopefully improve your relationship with your customers to meet their needs. Call us at 316-262-7035 (e-mail [sandy@sckedd.org](mailto:sandy@sckedd.org) or [rick@sckedd.org](mailto:rick@sckedd.org)) anytime you need help in putting a project together. If you would like a personal refresher on the program, just let us know. We will be glad to do a presentation or just discuss the program with you and members of your organization.

### SBA 504 Program

#### 6.57% FIXED for 20-Years

The 504 rates are typically less than commercial bank fixed lending rates. The 504 funding, also known as a debenture, is tied to long-term Treasury rates. The term is either a 10-year term for machinery and equipment, or a 20-year term for real estate.

#### SBA Drops Fees!

Effective October 1, 2008, SBA's "On-going Borrower Fee" paid annually has dropped from 2.1 basis points (0.00021) to ZERO. Coupled with the upfront "SBA Guaranty Fee" remaining at ZERO there is a very real decrease in the cost of the 504 program.

#### CONTACT SCKEDD TODAY!

316-262-7035, 800-326-8353, [sandy@sckedd.org](mailto:sandy@sckedd.org) or [rick@sckedd.org](mailto:rick@sckedd.org)

#### Your SCKEDD 504 Team is:

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TOPIC for  
Next Issue:

504 Capital  
Injections

### Monthly Rate Corner

504 Rates based on the Sept. 2008 Debenture Sale

	<u>"Note Rate"</u>	<u>"Effective Rate"</u> <u>(includes fees)</u>
10-Year	5.289%	6.364%
20-Year	5.678%	6.574%

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## SBA 7(a) Program

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### Fees and the New SBA SOP

The new SBA SOP 50-10(5) has been issued and became effective on August 1<sup>st</sup>. As you may already know, the SOP is the “Bible” that the Agency follows in administrating the 7(a) and 504 loan programs.

Several lenders have asked over the last few months if a lender can charge a borrower an origination fee or points on an SBA 7(a) loan. The answer is NO.

Chapter 3: “Loan Terms and Conditions” is the section of the SOP that contains the policies on fees. The discussion begins in Section 5, page 151, with SBA Guaranty Fees and ends with a related topic, “Who May Conduct Business with SBA,” on page 165.

Section 7 (page 161) covers “Prohibited Fees.” There are several things that a lender or its associate are prohibited from doing.

The three that you as a lender will most likely have an occasion to consider are listed below:

- a. require the applicant or borrower to pay the lender, a lender associate, or any party designated by either, any fees or charges for goods or services, including insurance, as a condition for obtaining an SBA guaranteed loan;
- b. charge the borrower any commitment, bonus, origination, broker, commission, referral or similar fees;
- c. charge points or add-on interest.

Here is the link to the new SOP 50-10(5): <http://www.sba.gov/aboutsba/sbaprograms/elending/reg/index.html>. This will take you to the SOP. Remember the new one is #5.

If you have questions about fees, you should contact Brenda Murray at the Small Business Administration’s Wichita District Office, at 316-269-6571. Next time we will continue looking at “Fees.”

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