



News Release

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SBA Releases Modernized Lender SOP

Sixty percent shorter, new document updates and consolidates policies and procedures, is searchable

WASHINGTON – As part of its reform agenda to become easier for lenders to work with, the U.S. Small Business Administration today released its modernized Standard Operating Procedure for lender and development company loan programs.

The revised document, SOP 50 10, has been cut in length from 1,000 pages to 400 and is more logically organized. The SOP is directed to SBA's Lenders and Certified Development Companies and is streamlined and more user-friendly.

In addition, the SOP has been updated to be an electronic document using Internet hyperlinks to take the user to the most recent editions of relevant regulations and forms. SOP 50 10 will be available in PDF format at the SBA website and will be more easily updated. A version of the SOP with enhanced search capabilities will be released as soon as possible. Additional technical improvements are in process such as an improved search engine.

“Re-writing an SOP doesn't sound glamorous, but it is one of the most important tasks we have undertaken to improve our relationship with lenders and enhance delivery of our loan products,” SBA Administrator Steve Preston said. “The previous SOP was long, complicated, and out dated, and lenders cited it as a major impediment to working with SBA. We hope the new document will make it easier for lenders to understand our programs and use our product.”

The modernized SOP reflects significant input by program participants including lenders, certified development companies, and SBA employees. SBA actively sought public input on the rewrite and established an electronic mailbox so that all interested parties could submit comments and suggestions. Hundreds of emails were received. SBA also consulted with the National Association of Government Guaranteed Lenders and the National Association of Development Companies in developing the revised SOP. SBA considered the many comments and suggestions received when developing the final product.

Although there were substantial structural changes made to the SOP, SBA made only limited policy changes or clarifications in the document. SBA will work with lenders and their representatives to incorporate further policy improvements in future iterations of SOP 50 10.

The new SOP is divided in three sections: Lender and Certified Development Company Participation criteria, 7(a) Business Loan Program and 504 Certified Development Company Loan Program.

Frequently Asked Questions About SBA's Revised Loan Processing SOP 50-10

Q. Why did SBA completely rewrite the SOP 50 10?

A. SBA developed a completely new and updated SOP that, for the first time, is directed specifically at participating lenders and development companies. Previous versions were directed at SBA staff, forcing lenders to determine what items in the SOP applied to them. This is also the first version of the SOP that fully integrates the centralized processing of loan applications by SBA.

Q. What's new in the new 50 10?

A. There are no major policy changes in this version of the SOP, as SBA has continued to update the existing 50 10 by periodically publishing new policy notices over the past few years, but this version includes some minor modifications to existing policies. A list of specific changes can be found in the attached.

Q. What are the search capabilities of this new document?

A. Initially, the search capabilities are limited to those available in the PDF format, but SBA will continue to work to develop more robust search capabilities in the near future. We are implementing the revised document now, because we want to get this significantly improved version of the SOP into the hands of lenders and development companies as soon as possible.

Q. Why did SBA change the format of the SOP?

A. The previous SOP reprinted all of the regulatory citations and used a paragraph format to describe various policies and procedures. The new version provides links to the regulations, so that those individuals that want to read them can without our cluttering the SOP. (The links to the regulations will be updated as the regulations change.) SBA also changed to a bullet format to make the document easier to scan visually to find a specific requirement. The added white space on each page improves the readability of the document.

Q. How much shorter is the new SOP?

A. SBA reduced approximately 1,000 pages of SOP, program guides, and policy notices to just under 400 pages. The document uses a Times New Roman font with a 12 pitch letter size to make it easier to read.

Q. When is the effective date of the new SOP?

A. The effective date is May 1, 2008.

Q. When will the new SOP be posted on SBA's web site?

A. It will be posted on March 19th, 2008 at <http://www.sba.gov/tools/resourcelibrary/sops>, so lenders will have more than 30 days to review it prior to its implementation date.

Q. How much input did SBA receive from program participants?

A. SBA received a significant amount of input from several loan officers and counsel from lenders and development companies as well as from the National Association of Government Guaranteed Lenders (NAGGL) and the National Association of Development Companies. In addition, the first draft was written by SBA field staff. These lender relations specialists are in constant contact with SBA lenders and therefore know which sections of the existing SOP were most problematic for lenders and development companies. That input was key to the authors and editors of the new SOP.

Q. What type of training is SBA offering for the new SOP?

A. SBA is hosting training in 8 cities in early April and will also offer the training at upcoming NADCO and NAGGL conferences in May and as well as other lender conferences. In addition, training materials will be sent to each of SBA's district offices so that field staff may continue to provide training to local lenders. The training presentation will also be posted on SBA's web site.

Q. How can lenders or development companies contact SBA if with issues or questions?

A. Lenders and development companies can contact the local lender relations specialist in their local District office or send an e-mail to SOP50-10Modernization@sba.gov.

Q. How often will SBA update the new SOP?

A. SBA anticipates updating the new SOP on a semi-annual basis.

Key Features of SBA's Revised Loan Processing SOP 50-10

- Developed in response to lenders' and development companies' requests for enhanced and more user friendly SBA loan policy guidance and includes substantial discussion and input from lenders, development companies, trade groups, and SBA field staff
- Written with SBA lenders as the primary audience, which contrasts with the former SOP whose main audience was SBA staff
- Uses larger font, bullets, and other formatting to make the document more succinct and user friendly
- Updates SBA's loan processing policy and procedures and integrates numerous policy/procedural changes that had been published as separate notices over the past decade
- Incorporates policy guidance for several new SBA programs (SBAExpress, PatriotExpress, etc.), which had previously been published as separate manuals
- Reduces what had been approximately 1,000 pages of SOP, program guides, and policy notices to just under 400 pages
- Incorporates for the first time SBA's new centralized loan processing facilities into the SOP
- Will be available on the Web (<http://www.sba.gov/tools/resourcelibrary/sops>) and will include PDF format which facilitates searches for key sections/policies; SBA plans to enhance this feature with more robust search engines in the future
- Includes hyperlinks to SBA regulations as applicable
- Effective date of May 1, 2008, will follow SBA hosted training in eight cities beginning in April (including at NAGGL and NADCO conferences in May) with that training augmented by additional training by local SBA district offices
- SBA will make training materials available on the Web

For more information about all of the SBA's programs for small businesses, call the SBA Answer Desk at 1-800 U ASK SBA or TDD 704-344-6640, or visit the SBA's Web site at <http://www.sba.gov>.

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