

How to Become a 7(a) Lender

Federally Regulated Lenders and State-chartered Credit Unions

(Please see other side for non—federally regulated lenders)



The 7(a) Loan Program is authorized by section 7(a) of the Small Business Act and is governed by the regulations outlined in Part 120 of Title 13 of the Code of Federal Regulations (CFR).

This multi-purpose business loan program is administered as a deferred participation program where SBA guarantees a portion of the loan made by a Lender. The Lender initiates the loan to a small business and, if the SBA agrees to guaranty the loan, the Lender funds and services the loan. In the event of default, the lender conducts the work-out or the liquidation efforts and the Lender and SBA share in the loss, if any, in accordance with the percentage guaranteed by the SBA.

In order to participate in SBA lending programs a lender must be in good standing with its state regulator and Federal Financial Institution Regulator (FFIR) . For purposes of participation in the 7(a) program, SBA considers a lender to be in good standing with its state/FFIR if it has satisfactory financial condition and satisfactory small business credit administration and servicing policies, procedures and practices.

Credit Unions with federal deposit or share insurance must submit a simple written request to participate in the program, indicating that to the best of your knowledge the lender has satisfactory:

- 1) financial condition (e.g., capital and liquidity);
- 2) small business credit administration policies, procedures, and practices that it continues to adhere to in its operations; and
- 3) small business servicing policies, procedures, and practices that it continues to adhere to in its operations.

Responsibilities of 7(a) lenders

[SOP 50 10 5 \(G\)](#)

1. In making SBA-guaranteed loans, 7(a) lenders:

a) Submit applications for guaranty with all required forms, documentation and credit analyses, to the designated SBA processing center for review.

b) Execute the Authorization, which is prepared by SBA.

c) Close the loan in accordance with the Authorization, all policy and regulations.

d) Maintain complete loan files.

e) Service the loan in accordance with SOP 50 57 and regulations.

f) Liquidate the loan in accordance with SOP 50 57 and regulations.

g) Comply with SBA Loan Program Requirements for the 7(a) program (13 CFR §§120.10.), as such requirements are revised from time to time.

h) Individuals and entities suspended, debarred, revoked, or otherwise excluded under the SBA or Government-wide debarment regulations are not permitted to conduct business with SBA, including participating in an SBA-guaranteed loan. Lenders are responsible for determining if an employee or an Agent of the lender has been debarred, suspended or otherwise excluded by SBA or other federal agency. (<http://www.sam.gov>)-

i) Additionally, lenders are responsible for reviewing SBA's webpage list of Agents that have been subject to an enforcement action or have been otherwise excluded from the privilege of conducting business with SBA and must refrain from doing business with any Agent . See <http://www.sba.gov/about-sba-services/18351>. \\\

To begin a lending partner relationship with SBA, contact your local [SBA District Office](#).

To participate in the 7(a) Loan Program, a lender must meet the following requirements as indicated in the Code of Federal Regulations (CFR):

Have a continuing ability to evaluate, process, close, disburse, service and liquidate small business loans;

Be open to the public for the making of such loans (and not be a financing subsidiary, engaged primarily in financing the operations of an affiliate);

Have continuing good character and reputation, and otherwise meet and maintain the ethical requirements as identified in [13 CFR Sec. 120.140](#);

Be supervised and examined by a state or Federal regulatory authority, satisfactory to SBA.

LENDER MUST SIGN:

[SBA Form 750](#) governs loans with a maturity greater than 12 months. A lender must execute this agreement prior to submitting any applications for guaranty to SBA.

[SBA Form 750B](#) governs loans with a maturity of 12 months or less. If the lender intends to approve loans with a maturity of 12 months or less, it must also execute SBA Form 750B.

www.sba.gov



How to Become a 7(a) Lender

For Non Federally Regulated Lenders or Credit Un-

(Please see other side for federally regulated lenders)

Non-Federally Regulated Lenders or Credit Unions that do not have federal deposit or share insurance protection, must also send along with a request for participation to local [SBA District Office](#) the following:

1. Lender's name, address, telephone number and email address;
2. A copy of lender's Articles of Incorporation and by-laws certified by an appropriate officer;
3. Amount of the lender's capital and additional paid-in capital;
4. The lender's proposed geographical area of operations;
5. A list of officers, directors, associates and holders of 10 percent or more of any class of the lender's capital stock. "Associates" are defined in [13 CFR §§120.10](#).
6. A copy of the most recent audited financial statements on any entity, other than natural persons, holding 10 percent or more of any class of the lender's stock.
7. An organizational chart showing the relationship of the lender to any Associates.
8. A copy of "Statement of Personal History," [SBA Form 1081](#), signed and dated within 90 days of submission to SBA, for each person listed under above item 5.
9. A copy of the lender's policies and procedures governing business loan origination, servicing, and liquidation.
10. A certification that the lender will not be engaged primarily in financing the operations of an Affiliate, as defined in [13 CFR §§121.103](#).
11. A copy of the State or Federal statute or regulations governing the lender's operations, including those pertaining to audit, examination and supervision of the lender. Each lender bears the burden of demonstrating that it is subject to continuing supervision by a State or Federal regulatory authority satisfactory to SBA.
12. A copy of the latest report covering the examination of the lender, if such report can be released to SBA. If the report cannot be released or the lender is newly formed and has not been examined by its primary regulator include a statement to that effect.
13. A copy of the most recent audited financial statements of the lender.
14. A copy of the license, if any, issued to the lender by a regulatory authority.
15. A certified copy of a Resolution of the Board of Directors designating the person (s) authorized to submit the application on behalf of the lender.
16. A copy of a satisfactory opinion of independent counsel that the lender complies with applicable Federal, State, and local laws in the formation and organization of the company, and with appropriate Federal and/or State security laws; and is chartered to conduct its business in the proposed operating area. ("Independent Counsel" is counsel that is not an "Associate" of the lender under [13 CFR §§120.10](#).)

Individuals and entities suspended, debarred, revoked, or otherwise excluded under the SBA or Government-wide debarment regulations are not permitted to conduct business with SBA, including participating in an SBA-guaranteed loan

The following lenders may not apply to participate with SBA as a 7(a) lender:

1. SBA-licensed Small Business Investment Companies (SBICs);
2. Certified Development Companies (see [13 CFR §§120.852](#), except with respect to the Community Advantage Pilot Program); and
3. Bank holding companies