

Letter to the applicant and the disclosure:

Purpose of this form: Section 13 of the Small Business Act requires that an SBA disaster loan applicant (“Applicant”) identify the names of persons engaged by or on behalf of the Applicant for the purpose of ***expediting the application*** and the fees paid or to be paid to any such person. 13 C.F.R., Part 103.5 requires any agent or ***packager*** to execute and provide to SBA a compensation agreement (“Agreement”). SOP 50-30, Appendix 14 defines how the reasonableness of fees may be determined. Each Agreement governs the compensation charged for services rendered or to be rendered to the Applicant in any matter involving SBA assistance. “Agent” includes ***a loan packager***, accountant, attorney, consultant, engineer, architect, appraiser, or any other party that receives compensation from representing an Applicant for an SBA disaster loan.

SBA does not require an Applicant to engage the services of any Agent to file an application or close a loan. No fees or compensation will be reimbursed or paid by SBA to any Agent. If an Applicant chooses to employ an Agent, the compensation an Agent charges to and that is paid by the Applicant must bear a necessary and reasonable relationship to the services actually performed and must be comparable to those charged by other Agents in the geographical area.

Compensation cannot be contingent on loan approval. In addition, compensation must not include any expenses which are deemed by SBA to be unreasonable for services performed or expenses actually incurred. Compensation must not include charges prohibited in 13 CFR 103 or SOP 50-30, Appendix 14. If the compensation is determined by SBA to be unreasonable, the Agent must cancel the compensation, or refund to the Applicant any portion the Applicant already paid. In cases where SBA deems the amount of compensation unreasonable, the Agent must reduce the compensation to an amount SBA deems reasonable, refund to the Applicant any sum in excess of the amount SBA deems reasonable, and refrain from charging or collecting directly or indirectly from the Applicant an amount in excess of the amount SBA deems reasonable.

FEES LENDERS AND/OR THIRD PARTIES MAY COLLECT FROM AN APPLICANT (13 CFR § 120.221):

In 13 CFR § 120.221, SBA provides specific guidance on the fees a Lender or its Associates may collect from an Applicant in connection with an SBA-guaranteed loan. Any fee not expressly provided in 13 CFR § 120.221 is prohibited.

A. Fees for Packaging and Other Services.

1. The Lender or a third party may charge an Applicant fees for packaging and other services.

a) "Packaging services" provided by Lender or third party include assisting the Applicant with completing one or more applications, preparing a business plan, cash flow projections, and other documents related to the application.

i. With regard to fees for packaging or other services charged based on a percentage of the loan amount:

(c) All fees over \$2,500 must be supported, documenting the work performed and the time spent on each activity (see paragraph VIII.B for additional detail).

ii. With regard to fees for packaging and other services charged on an hourly rate:

(a) Fees must be reasonable and customary for the actual services performed.

(b) There is no maximum fee for fees charged on an hourly rate.

However, all fees over \$2,500 must be supported, documenting the