

# SBA Announces Proposed Updates to Business Loan Programs

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The ***Small Business Administration (SBA)*** on Tuesday published a proposed rule that would amend requirements in four of its business loan programs in order to increase participation among eligible entities. The agency announced suggested changes to the Surety Bond Guarantee (SBG) Program, 7(a) Loan Program, Microloan Program, and Development Company Loan Program (504 Loan Program) that are designed to make existing regulations more efficient and eliminate outdated provisions. These revisions include, but are not limited to, the following:

## ***Surety Bond Program.***

- Change the threshold under which sureties are required to notify SBA of changes in contract or bond amounts for which an SBA bond guarantee has been issued;
- Implement a new quarterly contract completion notification requirement;
- Increase the contract limit for the Quick Bond Guarantee Application and Agreement.

## ***7(a), 504, and Microloan Programs.***

- No longer make ineligible consumer and marketing cooperatives;
- Permit loans to finance a change of ownership within Eligible Passive Companies (EPC) and Operating Companies (OC), under certain circumstances, and change personal guarantee conditions for EPCs and OCs;
- Place new restrictions on the use of loan proceeds affecting payment of certain taxes;
- Clarify language detailing the fees that a lender may collect from an applicant.

The proposed rule is available [here](#). The deadline for comments is October 11, 2016.

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