



Presented by:
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Changes to SBA Lending:

A Global Perspective

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WPASGL

Instructor



Ethan W. Smith

Partner, Starfield & Smith, PC

Ethan's areas of practice focus on government guaranteed lending, commercial lending, banking, real estate and commercial law. Ethan has closed thousands of government guaranteed loans nationwide and has assisted hundreds of lenders recover millions of dollars of impaired SBA guarantees.

Starfield & Smith, P.C. is a boutique law firm specializing in all aspects of SBA-guaranteed lending, from origination through liquidation, for lenders nationwide. Starfield & Smith closes over \$800 million of SBA guaranteed loans for its lender clients every year. For more information about Starfield & Smith, visit www.starfieldsmith.com.

Instructor



Kimberly A. Rayer
Partner, Starfield & Smith, PC

Kim concentrates her practice in the areas of commercial lending, commercial contracts and corporate law. She represents financial institutions nationwide in extending commercial credit facilities to small and mid size businesses. Kim has closed hundreds of government guaranteed financing transactions for lenders nationwide.

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Equity

- Seller note on standby for 2 years isn't equity
- Change of Ownership
 - Intangibles >\$500k
- PLP processing only

Bridge Loans

- When can you refinance them?
 - Bridge Loan vs. Interim Advance
 - Update UOP on Loan Authorization
 - PLP vs. GP Processing
- Institutional Debt – 6 mos.
- Seller Notes – must be in place for 2 years AND performing for 2 years (standby is NOT performance)

Change of Ownership

- Minority owners
- Seller benefits after 1 year
- Employment contracts

Agent Fees and Agent Oversight

- Fee Caps
- “2 Master Rule”
- “Consulting”
- Itemization
- 159 Reporting
- New Oversight and Enforcement Rule

Monitoring construction loans

- Ensure project is on track
- Cost overruns
- Financial diligence
- OIG Report

Financial Projections

- Must be “reasonable”
 - Independent verification
- Tax returns vs. Financial Statements
- Early default

Key Employees / Absentee Owners

- Key employee
 - Day-to-day operations
 - Hiring/Firing
 - Money
 - 1919/912
- Can an Absentee Owner not have a key employee?

EPC/OC – Partner Buy-outs

- Current SBA interpretation
- Challenges for borrowers and lenders
- Increased Costs
- SBA policy goals
- Changes on the way?

Franchise – New Rule

- Current Rule
 - Affiliation
 - Registry
 - Non-Registry
- New Rule????

Questions?

Thank you!

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