



# SBA SUPERVISED LENDER APPLICATION

**An organization seeking to become a Small Business Lending Company (“SBLC”) or a state-regulated lender (Non-Federally Regulated Lender (“NFRL”)) (each referred to as an “SBA Supervised Lender”) as defined in 13 CFR § 120.10 is required to submit an Application to SBA consisting of the information described below.**

**The information will be used to conduct a final review to determine whether the organization has the qualifications, financial condition, and lending experience necessary to be authorized as an SBA Supervised Lender. Submission of the information is not mandatory; however, failure to do so would impact SBA’s ability to make a decision regarding your application to be designated as an SBA Supervised Lender in SBA’s 7(a) Loan Program.**

**Instructions:** Each applicant must submit two (2) complete binders of fully executed paper copies and one (1) executed scanned copy (in pdf format) by e-mail addressing each of the items set forth in the list below. The applicant must include its name, address, telephone number, fax number, e-mail address and a primary contract person. Each submission must be complete and organized in tabular format. Refer to SBA Standard Operation Procedures manual, SOP 50 10 for additional information.

Submit the information to: U.S. Small Business Administration, Attention: Director, Office of Financial Assistance, 409 3rd Street SW, 8th Floor, Washington, DC 20416.

## **LIST OF ITEMS TO BE SUBMITTED**

1. Each applicant must demonstrate to SBA’s satisfaction that it meets the participation criteria set forth in 13 CFR [§120.410](#) and the ethical requirements set forth in 13 CFR [§120.140](#).
2. Identification of the form of organization of the applicant, along with file-stamped copies of the applicant’s certificate of incorporation, certificate of formation or certificate of limited partnership (as applicable), and a copy of the applicant’s corporate bylaws, limited liability company operating agreement, or limited partnership agreement (as applicable).
3. Identification of the applicant’s capitalization including the form of ownership, the identification of all classes of equity capital and proposed funding amounts, rights and preferences accorded to each class of stock or members interest (including voting rights, redemption rights, and rights of convertibility) and conditions for transfer, sale, or assignment of these interests. Note: this information is only

required if not previously submitted or has changed from the Lender Assessment Plan.

4. The applicant's geographic area of operation, including as authorized by the lender's state regulator (as applicable).
5. The internal control policy adopted by the applicant's board of directors, managing members or general partner (as applicable) that provides adequate direction to the institution for effective control over and accountability for operations, programs, and resources. The internal control policy must, at a minimum, comply with 13 CFR [§120.460](#). The internal control policy must:
  - a. Ensure satisfactory monitoring and management of the SBA loan portfolio, including but not limited to, providing for a periodic loan review function to be performed at least annually by a person who is not directly or indirectly responsible for SBA loan making or by outside contractors.
  - b. Include a list of monthly reports provided by the applicant's management team for board review to support adequate board oversight.
  - c. Provide for internal controls for loan making, servicing and liquidation.
  - d. Provide for a risk rating system to risk classify SBA loan assets satisfactory to SBA.
  - e. Include provisions to ensure compliance with SBA's Loan Program Requirements on eligibility.
  - f. Include provisions to ensure the applicant exercises due diligence and prudent oversight of its third party vendors, including Lender Service Providers (LSP) and other loan Agents. Such policies and procedures should include, but not be limited to, monitoring performance of loans referred by an Agent or where an Agent provided assistance.
  - g. Provide documentation demonstrating that the internal control policies and procedures are fully implemented and followed.
6. Identification of all officers, directors, managing partners, managing members, key employee(s) of lender (which includes any employee who manages daily operations or oversees a department or a division, not a clerical staff position), and all other individuals or entities that propose to hold an equity interest of at least 10% of the

economic interest in any class of stock or ownership interest in the applicant (such identification should include a discussion of prior SBA loan program experience).

- a. An organization chart showing the relationship of the applicant with all related Associates (as defined in 13 CFR [§120.10](#)) and Affiliates (as defined in 13 CFR [§121.103](#)) within the organization.
  - b. All individuals or entities identified in paragraph 6 above must submit an executed [SBA Form 1081](#) and either a Form [FD-258](#) (fingerprint card) or electronic fingerprint submission. “Electronic fingerprint submission” is defined in SOP 50 10 6. SBA Form 1081 and the Form FD-258 or electronic fingerprint submission must be signed and dated within 90 days of submission to SBA.
  - c. A director or key employee of the lender organization is only required to submit either Form FD-258 (fingerprint card) or electronic fingerprint submission if the director or key employee answered affirmatively to questions 10a, 10b, 10c, 11a and/or 11b on the SBA Form 1081.
7. Proof of fidelity insurance coverage as detailed in 13 CFR [§120.470\(e\)](#).
8. A comprehensive business plan that details:
- a. The nature of proposed operations, including the organizational units involved in sourcing, evaluating, underwriting, closing, disbursing servicing and liquidating small business loans in the organization;
  - b. The identification of all sources of capital used to finance lending operations;
  - c. An operations plan detailing the nature of the applicant’s proposed SBA loan activity, the volume of activity projected over the first 3 years as an SBA Supervised Lender, projected balance sheets, income statements and statement of cash flows of the lender, with alternative profit and loss scenarios based on run rates equivalent to 70% and 50% of projected loan activity, the type and projected amount of financing needed to support its lending plan, along with a discussion of lender’s proposed wind-down plan in the event the lender decides to leave the program. Note: this information is only required if not previously submitted or has changed from the Lender Assessment Plan;
  - d. A detailed analysis of the applicant’s projected secondary market activities during the first 3 years of operation, including a sensitivity analysis of the

effect any changes in premium from the sale of the guaranteed portion of 7(a) loans in SBA's secondary market may have on the applicant's earnings. The analysis must also include a description of the lender's plans (if any) to securitize or sell participations in the unguaranteed portion of 7(a) loans;

- e. If the lender intends to acquire any 7(a) loans, a written plan detailing the extent of this acquisition activity in its operating plan, and how the lender will manage the transition of the 7(a) loan portfolio; and
  - f. Capital adequacy plan.
9. A copy of the applicant's policies and procedures governing business loan origination, servicing, and liquidation.
  10. All documents associated with any type of external financing expected to be undertaken by the applicant.
  11. A written statement from an authorized official of the applicant certifying that the applicant will not be primarily engaged in the financing the operations of an Affiliate.
  12. A copy of the most recent audited financial statements of the applicant. If the applicant has not been in operation for more than 1 year the audited financial statements of the applicant's parent company.
  13. A copy of the most recent audited financial statements on any entity, other than natural persons, holding 10% or more of any class of the lender's stock or ownership interests.
  14. A certified copy of a board, limited partners, or members resolution specifying the individual(s) or official(s) granted the authority by the organization to submit the SBA Supervised Lender application.
  15. A certification by the applicant that it is in full compliance with all Federal, State, and local laws.
  16. Disclosure of any and all actions, proceedings, investigations or litigation, pending or threatened, against the applicant, including complete details of any actions disclosed.
  17. A written legal opinion of independent counsel ("Independent Counsel" is counsel that is not an Associate of the lender), satisfactory to SBA that addresses whether the applicant:

- g. Is duly formed, organized, and validly existing and in good standing under the laws of the State of its organization, and is in full compliance with all Federal, State, and local laws in connection with the formation and organization of the applicant; and
- h. Has the power, legal right, and authority to conduct business in the applicant's proposed operating area.

**18. For NFRL applicants only:**

- a. 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 in its sole discretion;
- b. A copy of the latest report covering the examination of the lender, and/or any regulatory orders if such reports can be released to SBA. If the report cannot be released to SBA or the lender is newly formed and has not been examined by its primary regulator, include a statement to that effect; and
- c. A copy of the license, if any, issued to the lender by a regulatory authority.

**PLEASE NOTE:** The estimated burden for completing this request for information form is 50 hours per application. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments or questions on the burden estimate should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington D.C. 20416 and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503.