



# SBA Information Notice

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**TO:** All Employees

**CONTROL NO.:** 5000-1104

**SUBJECT:** New Alternative Size Standard for  
7(a) Loans Published

**EFFECTIVE:** 5/5/2009

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Effective May 5, 2009, 13 CFR part 121.301 has been amended to provide a new alternative size standard for 7(a) loans on a temporary basis. The rule expires on September 30, 2010. SBA believes that temporarily applying an alternative size standards to the 7(a) program will provide an effective mechanism for the Federal Government to extend crucial financial assistance to small businesses that cannot obtain financial assistance in the current economic environment.

The interim final rule that was published in the *Federal Register* on May 5, 2009 can be found at 74 FR 20577.

The new alternative size standard for 7(a) loan applicants is the same as that for 504 loan applicants and is described as follows:

“Including its affiliates, tangible net worth not in excess of \$8.5 million, and average net income after Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years not in excess of \$3.0 million.”

The rule sets forth a separate computation for “net income after Federal income taxes” if the applicant is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to its shareholders, partners, beneficiaries, or other equitable owners.

The 7(a) loan application forms and checklist are in the process of being revised as necessary to reflect this change.

**Notification and Questions:** SBA field offices are responsible for notifying the Lenders that this temporary alternative 7(a) size standard has been issued.

Non-SBA personnel with questions regarding the Alternative 7(a) Size Standard are requested to contact their local district office. SBA personnel may submit their questions to either Sloan Coleman of the 7(a) Program Branch at [w.coleman@sba.gov](mailto:w.coleman@sba.gov) or Carl Jordan, Office of Size Standards at [carl.jordan@sba.gov](mailto:carl.jordan@sba.gov).

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**EXPIRES: 5/1/2010**

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SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58