



Billing Code: 8025-01

## **SMALL BUSINESS ADMINISTRATION**

Delegations of Authority: Delegation of Authority No. 12-G (Revision 1), Amendment 1.

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice of Amendment to Delegation of Authority.

**SUMMARY:** This document provides the public notice of an amendment to Delegation of Authority No. 12-G (Revision 1) (79 FR 56842, September 23, 2014) (the “Delegation”), which delegated authority for lender oversight and enforcement activities by the Administrator of the Small Business Administration (“SBA”) to the Director, Office of Credit Risk Management (“D/OCRM”), the Lender Oversight Committee (“LOC”), and the Associate Administrator for Capital Access (“AA/CA”). By this amendment (this “Amendment”), the Administrator is delegating additional lender oversight authority to the D/OCRM and revising the membership of the LOC consistent with new requirements in The Small Business 7(a) Lending Oversight Reform Act of 2018 (June 21, 2018). This Amendment to the Delegation includes the authority of the D/OCRM to participate in the review and approval of initial applications by 7(a) Lenders and Certified Development Companies (“CDCs”) for delegated lending authorities. This Amendment also provides that the D/OCRM consult with the Director, Office of Financial Assistance (“D/FA”) on Community Advantage Pilot Program (“Community Advantage”) authority. Finally, this Amendment implements the new statutory provisions revising LOC membership and voting authority.

**FOR FURTHER INFORMATION CONTACT:** Bethany J. Shana, Office of Credit Risk Management, U.S. Small Business Administration, 409 3rd Street, S.W.,

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**SUPPLEMENTARY INFORMATION:** This document provides the public notice of an amendment to the Administrator's Delegation of Authority with respect to SBA's lender oversight and enforcement activities. Specifically, this Amendment delegates to the D/OCRM the authority to concur or non-concur on recommendations to the D/FA on initial applications for delegated lending authority, which include initial applications by 7(a) Lenders for participation in the Preferred Lenders Program ("PLP"), SBA Express Program, and Export Express Program, and initial applications by CDCs for participation in the Accredited Lenders Program ("ALP"), including Priority status - a prerequisite to ALP authority, and Premier Certified Lenders Program ("PCLP"). This Amendment further delegates to the D/OCRM the authority to concur or non-concur on recommendations to the Director, Office of Financial Program Operations on initial applications for Authorized CDC Liquidator authority ("ACL") and other types of delegated lending authority established in the future, unless otherwise provided. In addition, this Amendment requires the D/OCRM to consult with the D/FA on Community Advantage participation determinations. The preceding changes will allow the D/OCRM and D/FA to provide input into determinations on initial applications for delegated lending authority and Community Advantage participation, respectively.

This Amendment also implements membership and voting requirements for the LOC set forth in P.L. 115-189, the Small Business 7(a) Lending Oversight Reform Act of 2018 (June 21, 2018). Public Law 115-189 added Section 48(b) to the Small Business Act, requiring that the LOC consist of at least eight members. Three members of the

LOC are to be voting members, two of whom must be career appointees in the Senior Executive Service. The remaining members are to be nonvoting members who serve in an advisory capacity on the LOC. This Amendment designates the following SBA employees as the voting members of the LOC: (i) the Chief Financial Officer, a Senior Executive Service career appointee; (ii) the Associate Administrator for Capital Access, a Senior Executive Service non-career appointee; and (iii) the Associate Administrator for Disaster Assistance, a Senior Executive Service career appointee. The Chief Financial Officer will serve as the LOC Chairperson. This Amendment also updates the Administrator's designation of nonvoting advisory members as set forth below.

This Amendment replaces (i) Section I.A.1 of the Delegation in its entirety, which covers delegations of authority to the D/OCRM for delegated lender authority and Community Advantage participation, and (ii) Section I.B.6. of the Delegation in its entirety, which covers LOC membership and voting, as set forth below. All other sections of the Delegation are unchanged and continue in effect. Delegation of Authority No. 12-G (Revision 1), Amendment 1 reads as follows:

Delegation of Authority No. 12-G (Revision 1), is amended by revising sections I.A.1. and I.B.6. to read as follows:

I. The Administrator of the SBA, pursuant to the authority vested in her by the Small Business Act, 15 U.S.C. 631 et. seq., as amended, and the Small Business Investment Act of 1958, 15 U.S.C. 661 et. seq., as amended, hereby delegates the following authorities:

A. To the Director, Office of Credit Risk Management (D/OCRM):

1. Loan Program Delegated Lending Authority and Community Advantage Pilot Program Participation.

a. Initial applications for delegated lending authority. To concur or non-concur on recommendations to the Director, Office of Financial Assistance (D/FA) (and, with respect to applications under (vi), to the Director, Office of Financial Program Operations) for approval or denial of initial applications for:

- (i) Preferred Lenders Program authority of a 7(a) Lender (PLP authority), including PLP-Export Working Capital Program authority (PLP-EWCP authority);
- (ii) SBA Express authority of a 7(a) Lender (SBA Express authority);
- (iii) Export Express authority of a 7(a) Lender (Export Express authority);
- (iv) Accredited Lenders Program authority of a Certified Development Company (CDC) (ALP authority), including to concur or non-concur on recommendations for all Priority CDC status determinations, a prerequisite for ALP authority;
- (v) Premier Certified Lenders Program authority of a CDC (PCLP authority);
- (vi) Authorized CDC Liquidator authority of a CDC (ACL authority); and
- (vii) other types of delegated lending authority established in the future unless otherwise provided (other delegated authority).

b. Renewals of delegated lending authority. To approve or decline the renewal of:

- i. PLP authority, including PLP-EWCP authority;
- ii. SBA Express authority;
- iii. Export Express authority;
- iv. ALP authority;
- v. PCLP authority; and
- vi. Other delegated lending authority.

c. Community Advantage Pilot Program participation.

(i) To approve or decline, in consultation with the D/FA, a lender's application for participation in the Community Advantage Pilot Program (Community Advantage), including delegated lending authority and/or the authority to sell Community Advantage loans on the Secondary Market.

(ii) To approve or decline, in consultation with the D/FA, the renewal of a lender's participation in Community Advantage, including delegated lending authority and/or the authority to sell Community Advantage loans on the Secondary Market.

d. Reapplications, additional authority and final agency decision. If a renewal request is declined or an SBA Lender's delegated authority expires and the SBA Lender later reapplies, the D/OCRM may approve or decline the request. If an SBA Lender requests additional delegated authority with its renewal request, the D/OCRM may also approve or decline the additional delegated authority request. The D/OCRM's determination on the renewals and Community Advantage authority as set forth in this delegation is the final Agency decision.

B. To the Lender Oversight Committee:

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6. The Lender Oversight Committee will consist of SBA's: (i) Chief Financial Officer (CFO) (Chairperson and voting member); (ii) Associate Administrator for Capital Access (AA/CA) (voting member); (iii) Associate Administrator for Disaster Assistance (AA/DA) (voting member); (iv) D/OCRM (non-voting, recommending advisory member); (v) D/FA (non-voting advisory member); (vi) Director, Office of Financial Program Operations (non-voting advisory member); (vii) Associate Administrator, Office

of Field Operations (non-voting advisory member); and (viii) General Counsel (non-voting advisory member).

\* \* \* \* \*

Authority: 5 U.S.C. 302; 15 U.S.C. 631 note; 15 U.S.C. 634; 15 U.S.C. 636; 15 U.S.C. 642; 15 U.S.C. 650; 15 U.S.C. 657t and 657u; 15 U.S.C. 697d, 697e, and 697g; 2 C.F.R. 2700 et. seq. and 13 C.F.R. 120.802.

Dated: September 18, 2018.

**Linda E. McMahon,**

*Administrator.*

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