

# SOP 50 10 5 (J)

## An In-Depth Outline of Changes within the Latest Standard Operating Procedures

The SBA issued its revised SOP (50 10 5 (J)) just prior to NADCO's Annual Meeting which did not allow the NADCO team sufficient time to digest the large volume of changes prior to the event. The SBA's purpose in this release of the SOP is to incorporate the changes from the "Catch-All Regulation," and provide additional guidance. In addition to the changes from the "Catch-All Regulation," there are significant changes in the SOP that are new. SBA has declined to issue a red-lined version or track changes version of the new SOP. Therefore, the purpose of this document is to provide a list of SOP changes to NADCO members to assist you in processing and closing 504 loans, as well as CDC administration. We have attempted to identify all of the changes so that you can assess whether you need to make alterations to your CDC's current practices.

NADCO is aware of many member concerns regarding certain elements of the Catch All Regulation and has been in active conversations with SBA on behalf of the membership. New items are being added to that list from the additional SOP changes. NADCO is always mindful of how difficult it is for our members to balance borrowers, bankers, and the SBA. We are working diligently on your behalf.



Outline of Changes for Members

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**NADCO**  
SOP 50 10 5 (J) Member Analysis  
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**Records Search with Risk Assessment:** Historical records should identify the property back to the earlier of its first developed use or 1940. All database reports and historical records relied upon must be included.

*Citation: P. 357, Appendix 2*

**Reliance Letter:** CDCs may not alter SBA's standard reliance letter or enter into any agreement that alters the terms of SBA's standard reliance letter.

*Citation: P. 357, Appendix 2*

**SBA Environmental Indemnification Agreement:** The language in this agreement may not be modified.

*Citation: P. 357, Appendix 2*

**List of Environmentally Sensitive Industries:** Changes have been made to the list and CDCs should use the new list when determining the correct level of environmental report needed.

*Citation: P. 360, Appendix 4*

**Requirements Pertaining to Gas Station Loans:** Please review this appendix when considering a gas station loan to assure the CDC can provide the necessary environmental due diligence

*Citation: P. 362, Appendix 5*

**SBA Addendum to Franchise Agreement (Form 2462) and Instructions:** SBA has issued a new Form 2462. Please read the instructions for completing and using the form.

*Citation: P. 393, Appendix 9*

**Annual Franchisor Certification (SBA Form 2464):** This is also a new form, but SBA will work with Franchisors to obtain this annual certification.

*Citation: P. 397, Appendix 10*

**Requirements for Electronic Signatures:** Please review this Appendix to ensure any documents that are required to have original signatures are captured electronically correctly.

*Citation: P. 400, Appendix 11*