

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Eduardo A. Aleman,

Assistant Secretary.

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SMALL BUSINESS ADMINISTRATION

Changes to SBA Secondary Market Program

AGENCY: U.S. Small Business Administration ("SBA").

ACTION: Notice.

SUMMARY: The purpose of this Notice is to provide the public with notification of a procedural change in SBA's Secondary Market Pooling program. This change involves the pass through of principal payments to Registered Holders of Pool Certificates resulting from Pool loan prepayments.

DATES: The change referenced in this Notice affects all outstanding Pools issued between October 1, 2004, and on or about September 1, 2017. The change will be incorporated into payments made to Registered Holders of Pool Certificates before the end of the calendar year.

FOR FURTHER INFORMATION CONTACT: John M. Wade, Chief, Secondary Market Division, U.S. Small Business Administration, 409 3rd Street SW., Washington, DC 20416, or john.wade@sba.gov.

SUPPLEMENTARY INFORMATION: The Secondary Market Improvements Act of 1984 authorized SBA to guaranty the timely payment of principal and interest on Pool Certificates. A Pool Certificate represents a fractional undivided interest in a "Pool," which is an aggregation of SBA guaranteed portions of loans made by SBA Lenders under section 7(a) of the Small Business Act, 15 U.S.C. 636(a). In order to support the timely payment guaranty requirement, SBA established the Master Reserve Fund ("MRF"), which serves as a mechanism to cover the cost of SBA's timely payment guaranty on Pool Certificates.

Pool payments to Registered Holders of Pool Certificates are made monthly and consist of scheduled payments of pool principal and interest. The payments may also include a return of pool principal from full or partial prepayments of pool loans prior to the Pool maturity date. Principal from these prepayments are passed through to

Registered Holders of Pool Certificates, but the amounts may vary based on amortization excess associated with the prepaid loan.

Amortization excess represents that portion of the outstanding principal balance of a Pool allocated to a particular pool loan compared to the actual loan principal balance outstanding at the time the loan is prepaid. Amortization excess may include differences attributed to principal prepayments on a pool loan that is less than or equal to 20% of the outstanding principal balance. Borrower payments of loan principal made up to the date of prepayment are based on the amortization schedule of the borrower's Note, but paid to Registered Holders of Pool Certificates based on the amortization schedule of the Pool. This variance comes from differences in interest rates and maturity dates of the pool loan compared with the Pool Certificate.

On September 21, 2004, SBA issued Notice of a Change in the SBA Secondary Market Program (and referenced herein as the "2004 Notice"). 69 FR 56472. This 2004 Notice described program changes made to all Pools formed on or after October 1, 2004 including the disposition of amortization excess. Prior to October 1, 2004, SBA spread the amortization excess from prepaid loans over the remaining life of the Pool. In the 2004 Notice, SBA revised the program to pass through amortization excess once a pool loan is prepaid. In certain circumstances, however, amortization excess resulted in a reduction in the amount of a principal passed through to Registered Holders of Pool Certificates, with the retained principal remaining in the MRF to be paid out through scheduled principal payments until the Pool matures, or as all pool loans are fully paid.

In order to improve the efficiency of the program, SBA is implementing a procedural change that will adjust the timing of certain principal distributions from the MRF. For Pools formed between October 1, 2004 and on or about September 1, 2017 with pool loans remaining, SBA will reallocate the outstanding Pool balances pro rata across the remaining pool loan principal within a Pool. When a pool loan subsequently prepays in full, payments to Registered Holders of Pool Certificates may include retained principal in addition to the scheduled payments of pool principal, interest and related prepayments. This change will be incorporated, as needed, into the SBA Secondary Market Program Guide,

and all other appropriate SBA Secondary Market materials.

It is important to note that there is no change to SBA's obligation to honor its guaranty of the amount owed to Registered Holders of Pool Certificates and that such guaranty continues to be backed by the full faith and credit of the United States.

Authority: 15 U.S.C. 634(g)(2).

William M. Manger,

Associate Administrator, Office of Capital Access.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #15342 and #15343; US VIRGIN ISLANDS Disaster Number VI-00012]

Presidential Declaration of a Major Disaster for Public Assistance Only for the U.S. Virgin Islands

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the US Virgin Islands (FEMA-4340-DR), dated 10/05/2017.

Incident: Hurricane Maria.

Incident Period: 09/16/2017 and continuing.

DATES: Issued on 10/05/2017.

Physical Loan Application Deadline Date: 12/04/2017.

Economic Injury (EIDL) Loan Application Deadline Date: 07/05/2018.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT:

A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416, (202) 205-6734.

SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the President's major disaster declaration on 10/05/2017, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Saint Croix, Saint John, Saint Thomas.

²⁷ 17 CFR 200.30-3(a)(12).