



U.S. Small Business
Administration

Denial of the Guaranty

- Why do you do SBA loans?

- **The Guaranty!**

- So....
- What Starts Well... Ends Well....
- What Starts Badly... Ends Baaaadly!
- The Majority of our Denials are from the beginning.....
- Have a Process in place from the Beginning to protect the Guaranty!

Early Default!

- More Scrutiny!
- Especially at your Credit Memo
 - Debt Service?
 - Mitigated by the Guaranty!
- Disbursed Funds
 - Bass Pro Shop for a Bass Boat?
 - Attorney to pay for Divorce?
- Injection
 - Sourced?
 - Used?

Loans Sold on the Secondary Market

- **Interest Paid to Date more than 60 days in Arrears!**
- Or
- **Payment Default Uncured for More than 60 days**
- **60 days** = Lender.....Can this be Cured?
- If not...
- Lender Purchase it Back!
- OR...
- SBA Purchase it Back! - PDK within 45 days
- If it is More than 120 days and SBA Purchases it Back.....
- SBA will BILL the Lender for the Interest Accrued Beyond the 120 Days!
- **Make A Decision!**
- See 1086 paragraph 10

Loan Sold on Secondary Market

- **SOP 50-57-2, Chapter 12**
- **2ndary Participation Guaranty Agreement Form 1086.**
- **Modifications require Investor approval!**

Investor Decline

Repurchase loan from secondary market

- Loan greater than 60 days in default – Unilateral Authority.

Emergency Repurchase – Requires SBA approval.

VIABILITY !

Form 159

Compensation to an Agent.

Total Compensation!

How Much?

\$2,500.00.....

Over =

Itemize.....

....MUST.....

It's in the form!

Maturity Extensions

- Increases – Express

- Increases – Term Loans

- Cancellation or decrease after initial disbursement

Danger Will Robinson!

RESOURCES

- Servicing SOP 50-57-2 and/or 50 55 .
- Loan Processing SOP 50-10 5 in effect at time of loan approval.
- 13 CFR.
- 7(A) Lender Matrix, Version 13 Effective May 5, 2015.
- CDC Matrix, Version 2 Effective February 14, 2014
- Forms/Requests:
 - 2237
 - Reinstatement of Paid in Full loans.
 - Transfer of Participation.
- Secondary Participation Guaranty Agreement Form 1086
- Colson Servicing Manual.
- <https://www.sba.gov/FresnoCLSC>
- <https://www.sba.gov/LittleRockCLSC>

Questions????

