
AMERICA WEST
– ROADSHOW –
2020
– PRESENTED BY –
Capital Growth Solutions, LLC
WELCOME
TO THE ROADSHOW

Loan Servicing and Reporting

Understanding Challenges in1502 Reporting

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What is a 1502 Report?

<u>Mandatory</u> Reporting to Colson on a monthly basis

- Monthly loan accounting report of 7A loans to Colson Services
- Itemizes key data, loan balances, status codes, interest rates, interest periods, Basis Point Fee etc. for SBA
- Secondary Market: template for submitting investor portion via Colson
- Notifies SBA of loan status (cancelled, withdrawn, active)
- Runs from the First Calendar Day to the Last Calendar day of the PRIOR month
- Must be completed by the fifth day of the month

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Why is 1502 Reporting so Difficult?

SBA GP Number	Lender Loan Number	Next Installment Due Date	Status (4-9)	Amt Disbursed this Period on Total Loan	Amount Undisbursed on Total Loan	Interest Rate	Guar. Portion Interest	Guar. Portion Principal	Total to FTA Guar. Portion Pymt or Fee	Interest Period From	Interest Period To	# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)	Loan
																Blvd
4488983490	1041	05/01/18				4.750	15,113.13	3,589.41	18,702.54	03/01/18	04/01/18	31	365	3,741,067.44		Blvd
4488983490	1041	06/01/18				4.750	14,609.73	4,198.78	18,808.51	04/01/18	05/01/18	30	365	3,736,868.66		Blvd

What Loans Appear On The Report?
What is the difference between sold/unsold loans?
Why are the legacy systems or Core systems going to cause challenges to this report?
What is required to generate an accurate 1502?

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Why is it so much work?

Loan Accounting and 1502 Reporting
What Could Go Wrong?

- *Many core systems post payments as billed instead of interest paid to the day of receipt.*
- *Irregular payments, NSF Payments, Prepayments, Underpayments, and Perfect Payments can cause you to come out of balance.*
- *Interest calculations may not be specific enough even in 30/360 or Actual/365*
- *Interest paid to dates get thrown off and do not reflect beginning of the month to end*

Why is it so much work?

Loan Accounting and 1502 Reporting
What Could Go Wrong?

- *Disbursed Funds + Undisbursed Funds must equal SBA approved Loan Amount*
- *Ongoing Servicing Fee Calculations must be done manually*
- *Late payments sent by borrower must be remitted immediately on SEPARATE 1502 form. Do not hold until following month.*
- *Ongoing fee basis point calculation is different for partially disbursed loans*

Best Practices for 1502 Reporting

1. *Post all payments so that interest is charged to date of payment receipt. Any remaining funds can go to reduce the Principal Balance.*
2. *Only us accrual base methods of interest acceptable to the Secondary Market.*

   30/360 or Actual/365

3. *Use the correct Status Codes*
4. *Make sure closing balance and interest paid from and paid to dates sync up from one report to the next*
5. *Wire your payment to Colson – sending a check takes too long for timely posting in order to correct errors*

Best Practices for 1502 Reporting

When to File?

File on Time:

- *Regular payments on the 3rd-5th calendar day of the month unless that is not a business day, then moves forward to the next business day*
- *Late Payments: 2 Business days after receipt*
- *Partial Pre-pay or Payoff Immediately*

Late payments and prepayments must be sent via a separate 1502 form and separate wire. Do not hold and comingle with next months' transfer, even if that is due within the timeframe above.

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Helpful Hints for Processing

Using Two-Line Reporting

Some common situations require the use of two-line reporting:

- Month of loan sale on the secondary market: split interest based on settlement date
- Late payment collected – covers two months of interest and includes a quarterly rate change
- Partial prepayments (anything >20% of balance) – use the first line to report regular monthly payment, second line for the bulk prepayment based on date received
- Full prepayments – same process; must accrue interest up to date of receipt of the payoff

123456789	The Gym	11/1/2018				8.50000%	533.57	393.41	926.98	9/1/2018	10/1/2018	30	360	74,933.70	
123456789	The Gym	11/1/2018				8.75000%	437.11	50,512.93	50,950.04	10/1/2018	10/25/2018	24	360	24,420.77	

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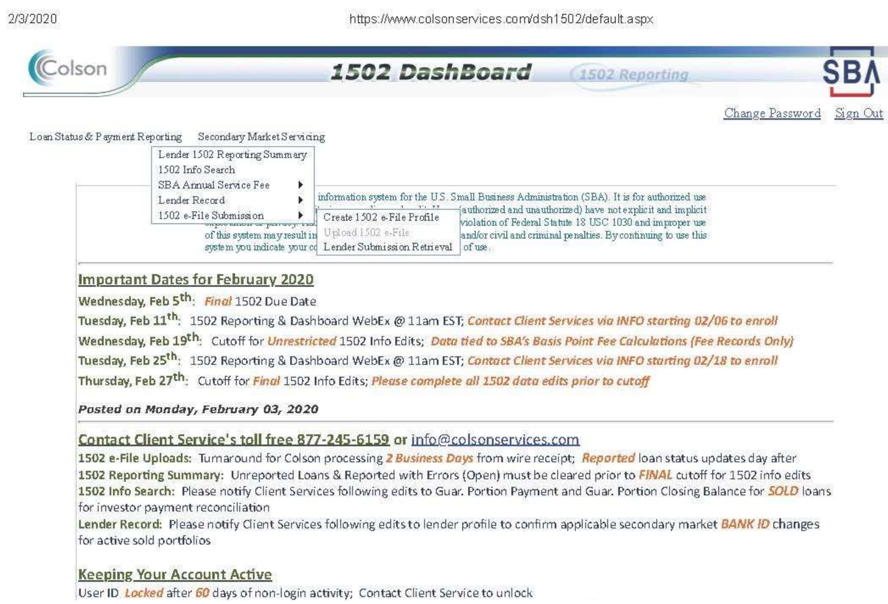
Diana Treinen, 2/3/2020

Helpful Hints for Processing

- *You can upload your 1502 Excel file directly through the 1502 Dashboard rather than emailing*



1502 e-File Submission

-> Upload 1502 e-File

Helpful Hints for Processing

What if I Made a Mistake?

- It happens! Don't panic.
- First, log in to the 1502 Dashboard and see if you can manually correct: things like interest rate, paid to date, next due date, ending principal balance
- If you submitted an incorrect amount and need to revise, send in 1502 Revision Form
- Call/Email Colson to discuss – they have seen everything
- Your payment tracking system may allow you to correct with the next month's submission, but be careful as many errors will affect interest calculations

Original Report														
654**5644						6.00000%	123.29	1,000.00	1,123.29	1/1/2018	1/31/2018	30	365	24,000.00
654**5644						6.00000%	110.46	750.00	860.46	1/31/2018	2/28/2018	28	365	23,250.00
								SUBTOTAL	1,983.75					
Corrected Report														
654**5644						4.00000%	82.19	1,000.00	1,082.19	1/1/2018	1/31/2018	30	365	24,000.00
654**5644						4.00000%	73.64	750.00	823.64	1/31/2018	2/28/2018	28	365	23,250.00
								SUBTOTAL	1,905.83					
									-77.92	Difference: Refund/Due to Colson				

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Questions?

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