

DEMAND FOR PURCHASE, WRAP-UP REPORT AND CERTIFICATION

This page is fillable. Place your cursor above the line and begin typing. Tab to go to the next line.

DATE: _____

TO:

FROM:

Name of Participant Lender

Contact Person

Phone Number

Email Address — Required for purchase notification purposes

Yes	Does the Obligor(s)/Guarantor(s) have any other SBA Guaranteed or Non SBA Guaranteed Loans with the Bank?
No	
• If “Yes” please provide details of all the obligations in the narrative section including current status.	

SBA Loan Number: _____

SBA Loan Name: _____

SBA Express Loan Program:

Form of Business:

Status of Business:

	Date of Uncured Monetary Default
	Balance at time of Uncured Monetary Default
	Date to which interest is paid
	Balance at interest paid to date
	Next Installment Due Date (Explain if other than default date)
	Scheduled Monthly Payment at time of default
	Interest rate in effect at time of default
	Date to which ongoing servicing fees have been paid

	Balance prior to recoveries
	Recoveries from Account Offset
	Recoveries from Agency Approved OIC
	Total recoveries from liquidation of collateral/litigation
	Expenses of Liquidation deducted from sale of collateral
	Expenses of Litigation deducted from sale of collateral
	120 days interest deducted from sale of collateral
	Net Recoveries
	Ending Loan Balance

The following Sections MUST be completed for ALL Purchase Requests (see tab cover sheet for instructions)

Tab 1	Eligibility Information
Tab 2	Loan Authorization
Tab 3	Loan Note & Guarantees
Tab 4	Wire Transfer Instructions
Tab 5	Transcript of Account

The following Sections MUST be completed if you reply “YES” to the corresponding question (see tab cover sheet for instructions)

Tab 6	Special Loan Programs	Yes No	Is this a CommunityExpress, ExportExpress, PatriotExpress or Star Loan
Tab 7	Collateral	Yes No	Was Collateral Required for this obligation
Tab 8	Recoveries/Expenses/Litigation	Yes No	Were there recoveries from liquidation of collateral, litigation or an OIC
Tab 9	Bankruptcies	Yes No	Was a bankruptcy filed by any of the obligors/guarantors/owners/partners
Tab 10	Early Payment Default	Yes No	Did the default or payment problems occur within 18 months of disbursement

Express Purchase Demand Kit

Type of Purchase:

Standard Purchase:

Expedited Purchase:

Standard Purchases: The Agency will charge off the loan & if appropriate refer to Treasury Offset.

Expedited Purchase: The Agency will NOT charge off the loan. Lender must provide liquidation up-date reports every 180 days until liquidation is complete at which time a final wrap-up report is due.

Treasury Offset Program – The Treasury Department will intercept any federal payment going to the obligor/guarantor (tax refunds, federal contract payments, etc.)

Treasury Offset Servicing – The Treasury Department will fully pursue any obligor/guarantor who remains liable through collection efforts and offsets of any federal government payment program.

Chapter 7 Bankruptcy may be considered closed if a final report of distributions / no distributions was issued.

Other Bankruptcy proceedings may be considered closed if the Bankruptcy Plan has been confirmed and clearly documents there will be no payment for the level of claim made by the lender.

Complete if Business Entity other than Sole Proprietorship

Obligor / Entity Name	
Tax Identification No.	
Last Known Address	
Date Demand Letter Sent	Attach copies of demand letters behind this section
Status of Business Entity	

Complete for each owner, co-borrower, partner & guarantor – Attach additional page if necessary

Name	
Social Security No.	
Last Known Address	
Date Demand Letter Sent	Attach copies of demand letters behind this section
Status	

Name	
Social Security No.	
Last Known Address	
Date Demand Letter Sent	Attach copies of demand letters behind this section
Status	

Name	
Social Security No.	
Last Known Address	
Date Demand Letter Sent	Attach copies of demand letters behind this section
Status	

Name	
Social Security No.	
Last Known Address	
Date Demand Letter Sent	Attach copies of demand letters behind this section
Status	

WRAP-UP REPORT

The wrap up report must include a detailed summary of the following:

1. Nature of Business
2. Cause of Default
3. Summary of Servicing Actions
4. The liquidation effort put forth by the lender.
5. Findings generated by the site visit and credit report.
6. Liquidation activity regarding collateral.
7. Actions taken to pursue the obligor / guarantors

If the lender is not going to pursue the obligor / guarantors or collateral, then the report must include the justification for this decision.

Wrap Up Report Narrative:

CERTIFICATION

This constitutes Participant Lender's demand for purchase of the subject SBAExpress loan. In order to speed the purchase process the participant lender makes the following certifications:

- * Lender did not contract with any of its own officers, directors, employees or stockholders (10% or greater) to provide liquidation services.
- * All liquidation and collection actions have been fully documented for subsequent agency review of the lender's use of the SBAExpress program. The exception to this requirement would be submission utilizing the expedited purchase procedure.
- * Any proceeds of collateral have been properly applied to the loan balance.
- * The loan has been serviced and liquidated using generally accepted commercial banking standards employed by prudent lenders and lender has obtained SBA's written consent for all actions where required.
- * All collateral has been liquidated or otherwise satisfactorily accounted for.* All obligors and guarantors have been fully pursued or determined to be judgment proof. No further enforced collection activity would be cost effective unless submitted utilizing expedited purchase procedures.
- * The lender used appropriate diligence to ensure that disbursements were used exclusively for business related purposes.

I declare under penalty of perjury that the foregoing is true and correct of my own knowledge and understand that SBA will rely on this demand and these certifications in reaching its decision whether to purchase this loan.

Signature

Date

*Name and Title of Bank Officer **

** This certification must be executed by an officer of lender with authority to commit funds and bind lender in an amount not less than the original guaranteed percentage of the loan balance at time of purchase.*

Tab 1 – Eligibility Information

SBA Form 1919

Please attach a copy of SBA Form 1919 for each proprietor, partner, officer, director, holder of 20% or more of voting stock of a corporate applicant, any other person, including a hired manager, who has authority to speak for and commit the borrower in the management of the applicant business

YES NO	Did any of the individuals indicate they are NOT U S Citizens? • If YES, please attach copies of <u>Permanente Residence or Alien Registration Card</u> and related <u>INS Verification</u>
YES NO	Did any of the individuals answer YES to question 1, 2 or 3 on SBA Form 1919? • If YES, please attach copies of SBA Form 912 (Statement of Personal History) for the respective individual(s) and a copy of SBA’s notification that the applicant is eligible.
YES NO	Is the Business a Franchise If YES, please provide documentation supporting the business is listed on the Franchise Registry at the time of approval. If the business is not on the Franchise Registry, please provide documentation supporting the Agency’s approval of the franchise agreement or a copy of the franchise agreement along with Lender’s eligibility review of the agreement.
YES NO	Did any of the individuals or the business pay anyone to assist in the preparation of the loan? If Yes, please attach a copy of <u>SBA Form 159, Fee Disclosure Form and Compensation Agreement</u>
YES NO	Was more than \$10,000.00 of loan proceeds used for construction? If yes, please attach a copy of SBA Form 601, Applicant’s Agreement of Compliance

SBA Form 1920 – Please attach appropriate documentation as noted below

(1) SBA Form 1920SX, parts A and C are required for SBA to process a purchase request since these parts contain signed lender certifications. The lender must also submit any supporting eligibility documentation used by the lender in making its eligibility determination. Form B is not required to be submitted for SBA to process a purchase.

Since the 1920SX Parts A and C are prepared and certified by the lender, the originating lender may prepare and recertify these parts of the form at the time of purchase if the lender cannot locate the originals. However, a re-certification cannot be done by another lender that has acquired the loan from the originating lender. The only exception would be if the lender that acquired the loan can locate sufficient documentation in the loan file to substantiate all portions of parts A and C, and submits this information along with the re-certified parts of the form for SBA's review.

(2) E-Tran lenders may use the print application process to print out the data submitted in connection with the application for an SBAExpress loan guaranty. The print application includes the two certifications contained in SBA Form 1920SX parts A and C combined into one certification. The signed certification will substitute for 1920SX parts A and C, and will fulfill the 1920 submission requirement for processing a purchase request for E-Tran lenders.

(3) For eligibility authorized SBAExpress lenders, Form 1920SX parts A and C are not required for SBA to process a purchase request, nor is supplemental documentation regarding eligibility, such as checklists, unless specifically requested by SBA because of an apparent eligibility problem. Instead,

a) E-Tran lenders who submit loan application data electronically will need to use the print application accessible through the E-Tran print report screen and must submit to SBA the printed loan application information with the certification at the end signed by the lender. For lender questions on accessing the print application, please contact Steve Kucharski at 202-205-7551.

OR

b) If the loan application was not submitted electronically, the lender will need to submit a signed SBA Form 2238 (if SBA does not already have it -- this form should have been submitted at the time of application) AND the following signed lender certification:

Borrower Name _____ SBA Loan # _____ Lender hereby certifies that the loan information pertaining to the above loan is true and correct, to the best of its knowledge, and that it has exercised due diligence to obtain true and correct information. Lender is aware and acknowledges that SBA review of this information is a quick look at eligibility intended to provide limited protection to SBA and Lender from making an ineligible loan on which SBA could not honor its guaranty, and that if an SBA loan number is assigned and SBA later learns that the loan is not eligible, SBA still may deny liability on its guaranty. Lender approves the loan application to SBA subject to the terms and conditions stated in the application and associated documents. Without the participation of SBA, to the extent applied for, Lender would not be willing to make this loan on these terms, and in its opinion the financial assistance approved is not otherwise available on reasonable terms. Lender certifies that none of the Lender’s Associates, including but not limited to its employees, officers, directors, or substantial stockholders (more than 10%) has a financial interest in the Applicant. Lender approves and certifies that the Applicant is a small business according to the standards in 13 CFR Section 121, the loan proceeds will be used for an eligible purpose, and the owners and managers of the applicant business are of good character.

(Signature)

(Date)

Print Name: _____

Title: _____

Tab 2 - LOAN AUTHORIZATION

Please provide a copy of the loan Authorization

The lender sets the terms and conditions for extending credit to the borrower. SBA establishes the terms and conditions for its loan guaranty. The Authorization is SBA's written agreement between the SBA and the lender providing the terms and conditions under which SBA will guarantee a business loan.

The party responsible for drafting the Authorization is determined by the program the loan is processed under.

<u>Loan Program</u>	<u>Responsible Party</u>
SBAExpress and Pilot Loan Programs (Patriot Express/Export Express/CommunityExpress)	Lender drafts and signs on SBA's behalf

The latest edition of each Boilerplate for the loan authorization can be found at:

[SBAExpress/Patriot Express Authorization](#)

[Community Express Loan Authorization](#)

Borrower's Injection

Lenders must submit with each purchase request on a loan for which the loan authorization required an equity injection, documentation to show that they verified the equity injection. If an equity injection was required please provide supporting documentation.

Debt Refinance

If the loan authorization indicated any portion of the use of proceeds was for debt refinance and the debt refinance information is not included with the submission of you SBA form 1920, please complete the following information and provide a copy of the debt refinance showing the specific debt refinanced.

___ N/A

___ For debt refinancing. *If checked, ATTACH A DEBT SCHEDULE SHOWING THE TERMS OF THE DEBT TO BE REFINANCED AND THE JUSTIFICATION FOR THE REFINANCING. Also, answer the following questions. If "No" loan is not eligible.*

- Refinancing will provide a substantial benefit to Applicant of at least 20% needed improvement to cash flow or refinanced debt is short-term, involves a balloon payment, or is interest only. If more than one debt is refinanced; no debt being refinanced will have a higher debt service requirement after debt refinancing than prior to refinancing. YES ___ NO ___
- Existing debt no longer meets the needs of the Applicant. YES ___ NO ___
- If existing debt is between the Applicant and the requesting SBAExpress lender, the debt has been current (no payment beyond 29 days past due) for at least the last 36 months. The new loan will not reduce the lender's existing credit exposure to the borrower. YES ___ NO ___
- Proceeds will not pay a creditor in a position to sustain a loss causing a shift to SBA of all or part of a potential loss from an existing debt. YES ___ NO ___
- Debt to be refinanced is not an SBA loan. YES ___ NO ___
- Loan will not refund debt to an SBIC. YES ___ NO ___
- Loan will not repay third party financing for any existing 504 project. YES ___ NO ___
- Loan will not repay delinquent IRS withholding taxes, sales taxes or similar funds held in trust. YES ___ NO ___

Tab 3 - LOAN NOTE & GUARANTIES

For SBA Express and Pilot Loan Program loans, a lender must use the same closing and disbursement procedures and documentation as it uses for its similarly sized non-SBA guaranteed commercial loans. There must be a promissory note that is legally enforceable and assignable, in the event that it would ever have to be assigned to SBA.

Please provide a copy of the loan note

- You must also submit copies of any Note Modifications, Amendments, Deferments and Workout Agreements to include all revised repayment terms including dates, interest rate adjustments and payment revisions.
- For Secondary Market Loans, lender must provide evidence of investor's approval of modifications, as applicable.

Please provide a copy of any required corporate or personal guaranties as noted in the loan authorization.

Please provide evidence of guarantor consent for any material changes to the loan terms.

Tab 4 – Wire Transfer Instructions

A. Bank to receive wire transfer for amounts **over** \$5,000:

Name: _____	_____
City: _____ State _____	Wire Transfer # _____
Contact: _____	_____
Phone: _____	Direct Deposit Account # _____

B. Bank to receive ACH for amounts **under** \$5,000:

Name: _____
City: _____ State _____
Contact: _____
Phone: _____

NOTE: When SBA honors its guaranty, and the amount is \$5,000 or less, **funds are not wired — the funds are remitted by Denver Finance Center via ACH only. A check for the purchase amount will not be mailed.** Therefore, please provide the following information:

ACH routing transit number: _____
ACH *checking* account number: _____
or ACH *savings* account number: _____

Colson Information (if secondary):

Date of Default: _____
Interest "paid-to" date: _____
Principal Balance: _____
Interest Rate at time of default: _____

C. Bank to which payment will be further credited (if different from Bank "A"):

Name: _____
City: _____ State _____

D. Payee's Bank (if different from Bank "A" and Bank "C"):

Name: _____
City: _____ State _____

Tab 5 - Certified Transcript of Account

The certified transcript of account is a document which accounts for the disbursement of loan proceeds and applications of payments. SBA Form 1149 is the Agency's preferred Transcript of Account Form. All transcripts of account, including the SBA Form 1149 must contain the following:

1. SBA loan name and 10 Digit loan number.
2. Method used for interest computation (360 day or 365 day). SBA calculates interest based on 365 days.
3. Date and amount of each disbursement.
4. Date and amount of each payment showing principal and interest applications.
5. Show interest *From* and *To* dates for each payment application.
6. Date interest rate changes occur.
7. **Next payment due date (defined as the "default date"). (Add to SBA Form 1149).**
8. If applicable, amount of Lender's successful bid at foreclosure sale (reflected on the transcript as a credit to the principal balance).
9. Record of all recoveries and expenses - legal fees will be paid separately, if approved.

Indicate all deferments. (Add to SBA Form 1149.) a. Dates. b. Principal and Interest or Interest Only.

For purposes of transcript analysis in the guaranty purchase review process, SBA will consider the **date of default** to be the first day on which the full amount of a regular installment payment was due and was not paid in full. The default date will not advance after a loan exceeds 90 days past due unless the loan meets one of the following criteria for restoration to performing status.

(1) A workout arrangement with regular payments is in effect that provides for payments in an amount less than the stated payment amount required by the note. The lender must document its loan file with respect to the terms of the workout. A deferment followed by regular loan payments may qualify as a workout.

(2) The borrower makes sufficient payments to bring the loan payment status to less than 60 days past due and continues to maintain this status of less than 60 days past due by making regular payments.

If a loan is not restored to performing status, borrower payments received by the lender more than 90 days after the default date may be applied by the lender to loan interest and/or principal according to the terms of the note. However, collections that derive from account offsets, collateral liquidation, insurance proceeds, distributions from the estate of the debtor, or other third party sources of funds must be applied as principal reductions. Guarantor payments may be applied to interest and/or principal.

SBAExpress program guidelines require that recovery from enforced collection efforts are to be applied 100 percent to the outstanding principal balance with the exception of allowable 120 day interest retention that must be identified on the transcript of account that you submit with your demand as well as the retention of allowable expense.

Please — do not add interest to the principal balance on the Transcript of Account. This delays the purchase because SBA must manually back the interest out, or request a new Transcript of Account, thus delaying payment to you. Please be certain to indicate the day, month and year of default. Month and year alone does not permit the Transcript of Account to reconcile.

SBA Form 1149 is available in fillable format at the following website: <http://www.sba.gov/sbaforms/sba1149.pdf>

Tab 6 – Special Loan Programs

Please mark the appropriate program and provide copies of the referenced documentation.

SBAExpress – STAR Program

Please provide a copy of the documentation summarizing the loan is eligible for the STAR program.

SBAExportExpress Program

Please provide a copy of the applicant’s plan explaining how the business plans to increase its export sales.

SBA PatriotExpress Program

Please provide a copy of the DOD/DVA documentation relied upon to determine the borrower’s eligibility for the Patriot Express Program.

SBACommunityExpress Program

Mark all boxes of eligibility criteria that you used in making this loan.

	LMI (Low/Middle Income)
	Veteran Owned
	Woman Owned
	Minority Owned

Please provide a copy of the:

- Initial Management Assessment and Technical Assistance Providers Recommended Action Plan.
 - Type and Duration of post-disbursement Technical Assistance
 - If borrower has declined post-disbursement assistance, please include copies of lender's correspondence encouraging the continuance of assistance.
-

Note: Additional details regarding required documentation for each program is available on the following pages and is accessible on the web at:

<http://www.sba.gov/aboutsba/sbaprograms/elending/programguides/index.html>

SBAExpress – STAR Program

The following is an excerpt from SBA Information Notice 5000-982

As indicated in the above notices, the term “adversely affected small business” for purposes of the STAR program means a small business that suffered economic harm or disruption of its business operations as a direct or indirect result of the terrorist attacks perpetrated against the United States on September 11, 2001.

Some examples of economic harm cited in the notices are: difficulty in making loan payments on existing debt; difficulty in paying employees or vendors; difficulty in purchasing materials, supplies, or inventory; difficulty in paying rents, mortgages, or other operating expenses; and, difficulty in securing financing. This list was not all-inclusive and SBA anticipated that there would be other circumstances that would be appropriate to illustrate that a business suffered economic harm or a disruption of its business operations. A loan to a start-up business may qualify for the STAR program if, for example, the business planned to commence operations earlier, but its ability to do so was hampered by the terrorist actions and their aftermath.

In order to qualify for the reduced fee, a lender must: 1) find that the loan applicant was adversely affected by the terrorist events of September 11, 2001; AND 2) prepare and maintain in its loan file a write up summarizing its analysis and its conclusion that the loan is eligible for the STAR program. A lender will not be found to have met its responsibility for determining that a borrower was adversely affected if the lender statement merely states that conclusion without providing a narrative justification demonstrating the basis for the conclusion.

http://www.sba.gov/idc/groups/public/documents/adacct/bank_5000_982_notices.doc

SBAExportExpress Program

SBAExpressProgram Guide, Section 11. What is SBA Export Express?

B. What are the Eligibility Requirements for SBA Export *Express* Borrowers?

The small business eligibility requirements for Export *Express* are the same as those for SBAExpress, except the applicant business must have been in operation, although not necessarily in exporting, for at least 12 full months. However, as discussed further in section C below, the applicant must demonstrate that loan proceeds will enable it to enter a new export market or expand an existing export market. To demonstrate the loan will be used for export purposes, the applicant must submit to the lender a plan, which may be one or two pages, explaining how the business plans to increase its export sales. The applicant’s plan, which must be documented in the lender’s file, should include projected export sales for the upcoming year as well as the dollar volume of export sales for the previous year.

http://www.sba.gov/idc/groups/public/documents/sba_program_office/bank_ex_guide.pdf

SBA Patriot Express Program

SBA Patriot Express Program Guide, Section 5. What are the requirements of Patriot Express Loan processing?

a. What Types of Individuals are Eligible for Patriot Express?

(2) Lenders must document in their loan file a borrower's eligibility for Patriot Express using the following DOD/DVA documentation, including the 51 percent ownership by the above, and must present copies of that documentation with any request to SBA to purchase.

- Veteran: Certified copy of a DD Form 214, which is provided for other than dishonorably discharged veterans.
- Service-Disabled Veteran: Certified copy of the DD 214 or documentation from the DVA that the veteran has been determined as having a service-connected disability.
- Service Member: DOD photo card (Geneva Convention Identification Card) and Form DD 2648 (active duty service member) or Form 2648-1 (reserve component member).
- Transitioning Active Duty Military Member: DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and, DD Form 2648 (Active Duty Military member) or DD Form 2648-1 (Reserve Component member).
- Reservists and National Guard: DD Form 2, Armed Forces of the United States Identification Card (Reserve).
- Current Spouse of Veteran: The veteran's Form DD 214 and evidence of status as a current spouse.
- Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member: DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card and evidence of status as the current spouse.
- Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service connected disability: Documentation from DOD or from DVA clearly showing this to be the case.

http://www.sba.gov/idc/groups/public/documents/sba_program_office/bank_patriot_ex_guide.doc

SBA Community Express Program

SBA Community Express Program Guide, Section 7. What are the requirements for providing technical assistance?

The SBA and the NCRC view management and technical assistance as critical to the development, growth, and success of CommunityExpress borrowers. The CommunityExpress program was therefore conceived and structured to ensure that borrowers under the program receive appropriate pre- and post-loan closing management and technical assistance. This assistance is to be arranged and, when necessary, paid for by the CommunityExpress lender. The SBA's standard 75 and 85 percent loan guaranties have been incorporated into this program (in contrast to the 50 percent SBA guaranty under SBAExpress) to offset some of the lenders' expense associated with the T/A requirement.

CommunityExpress lenders must establish (and document) an internal procedure to ensure the consistent delivery of appropriate and effective technical and management assistance. The process begins with the identification of qualified and committed T/A providers. The focus then shifts to the CommunityExpress applicant and the T/A provider's development of a business plan (as appropriate) and an assessment of the applicant's management and technical assistance strengths and weaknesses. If weaknesses are identified as a result of that assessment, the lender should document the T/A provider's recommendations and the remedial plan. The lender, in cooperation with the T/A provider, is also expected to strongly encourage the applicant to follow that plan.

Lenders may anticipate that in some instances, following approval of the loan, the borrower may become less receptive to receiving T/A. While the SBA understands this can be problematic, it also believes that adequate pre-approval emphasis to the applicant of the importance of the T/A in the loan consideration, reinforced by the loan agreement and the fact that this is an SBA requirement, should help mitigate resistance. Still, the Agency recognizes that despite good faith efforts by the lender and T/A provider, there will be borrowers that fail to take advantage of available T/A. Under those circumstances, lenders would be expected to document their efforts to provide T/A, including, for example, a copy of correspondence to the borrower strongly urging the borrower to take advantage of T/A.

Additional lender documentation should include file copies of the initial management assessment, the T/A provider's recommended action plan, and information on the type and duration of the counseling and training assistance received by the borrower. This documentation must also be must be available for SBA review teams. Other documentation a lender may want to consider includes a borrower authorization permitting the lender to furnish relevant information concerning the loan applicant's operation, loan performance, etc. to the TA provider and a hold harmless agreement on behalf of the lender.

Tab 7 – Collateral

The principal loan balance at the time of the purchase request does not exceed \$25,000. In lieu of documentation to evidence that liquidation has been completed, by marking the proceeding box the lender certifies that “liquidation is complete.”

If the above box is marked, the below referenced information is not required. Please provide a summary of liquidation activity and results in the wrap-up report.

Lenders must complete the liquidation of all Express loans with an estimated remaining collateral value in excess of \$1,000. Lenders must conduct timely site visits; *i.e.*, within 15 calendar days of the occurrence of an event that would cause a loan to be placed in liquidation, or sooner if there is collateral of significant value (more than \$5,000) that could be removed or depleted. If the lender waives the site visit, the lender must document the reason in the wrap-up report. No specific justification is necessary where there is a minimal loan balance (less than \$25,000) or collateral with a value of less than \$1,000.

Please indicate below collateral required by the loan authorization and related lien position.

<i>Lien Required</i>	<i>Lien Position</i>	<i>Lien Obtained</i>	<i>Description</i>
_____	_____	_____	Equipment
_____	_____	_____	Inventory
_____	_____	_____	Accounts
_____	_____	_____	Furniture & Fixtures
_____	_____	_____	Motor Vehicles
_____	_____	_____	Real Property
_____	_____	_____	Collateral Assignment of Life Insurance
_____	_____	_____	Other:

Based on the above, mark all that apply and provide copies of the relevant documentation.

<input type="checkbox"/>	Site Visit Reports
<input type="checkbox"/>	Appraisals / Valuation of Business Assets
<input type="checkbox"/>	Appraisals / valuation of Motor Vehicles
<input type="checkbox"/>	Appraisals / Valuation of Real Property
<input type="checkbox"/>	Documentation supporting balance of senior liens
<input type="checkbox"/>	Reports covering sale of collateral, including itemization of sale prices and expenses
<input type="checkbox"/>	Security Agreements
<input type="checkbox"/>	UCC Financing Statements filed with Secretary of State and/or County
<input type="checkbox"/>	UCC Continuation Statements and Amendments
<input type="checkbox"/>	UCC Lien Searches, including copies of all filings at origination and default
<input type="checkbox"/>	Certificate of Ownership and/or Certificate of Title on Vehicles/M&E/Manufactured Homes
<input type="checkbox"/>	Recorded Deeds of Trust / Mortgages
<input type="checkbox"/>	Title Insurance Policies and/or Certificates
<input type="checkbox"/>	Collateral Assignment of Life Insurance Policy (acknowledged by Insurance Company)

In the Wrap-up Report please provide an appropriately detailed narrative identifying how and when collateral was liquidated and the gross recovery, expenses and net amount applied on the loan. Identify any remaining items of collateral which are being recommended for abandonment and provide justification. (If this includes a lien on a primary residence or other real estate, provide a statement outlining attempts to compromise the debt.)

Tab 8 – Recoveries / Expenses / Litigation

Please provide a detailed summary of all payments, recoveries, and expenses during the liquidation process in the Wrap-up report.

Routine Liquidation Expenses being deducted from the sale of collateral

- Provide copies of all related bills

Litigation/Legal Expenses being deducted form the sale of collateral

- Provide copies of Itemized legal invoices, including hours per task, date performed, and charge per hour

SBA Express Program Guide, Section 7.C (4) How Does the Lender Apply Proceeds of Collateral?

Apply proceeds from the sale of collateral in the following order:

- (a) liquidation expenses
- (b) the 120 days of interest permitted on the balance as of the earliest uncured default
- (c) principal balance of the loan.

Legal Pleadings Please include copies of all legal pleadings and schedules, including bankruptcy filings and court motions.

If a Default Judgment has been obtained, please provide a copy of the judgment.

If an Abstract of Judgment has been recorded, please provide copies.

In the Wrap-up report please detail activities to enforce any default judgments obtained and if applicable any ongoing enforcement actions anticipated.

Tab 9 – Bankruptcies

Chapter 7 No Asset Bankruptcy

- Please provide documentation supporting the case is closed and the obligor has been discharged.

Chapter 7 Asset, Chapter 11 & Chapter 13 Bankruptcies.

Please provide a copy of

- The Bankruptcy Notification
- The Banks Proof of Claim
- The Banks request for Relief from Stay (if applicable)
- Confirmed Bankruptcy Plan and Trustees Report of Distributions if Available

Note:

- **Chapter 7 Bankruptcy** may be considered closed if a final report of distributions / no distributions was issued.
- **Other Bankruptcy proceedings** may be considered closed if the Bankruptcy Plan has been confirmed and clearly documents there will be no payment for the level of claim made by the lender.

SPECIAL NOTE REGARDING BANKRUPTCY PLAN

The lender has *three options for payment* when there is a bankruptcy plan which pays out over a term of years.

Option 1 involves delaying demand on SBA to purchase the loan until the plan pays out. At the end of the plan term, demand can then be made upon SBA for the unpaid loan balance.

Option 2 is to make demand on SBA before the plan pays out. A lender selecting this option may reduce its demand by the total amount that is to be paid over the term of the plan. The lender bears the risk of loss should the plan not be paid as agreed or in the case of a Chapter 7 conversion.

Option 3 is to make demand on SBA utilizing the Expedited Procedure. This procedure is allowed when liquidation is expected to be protracted (generally, 120 days beyond the date of default). Please refer to SBA Procedural Notice 5000-803 for specific situations that allow the use of the Expedited Procedure. When the Expedited Procedure is used, the lender must provide the Agency with a liquidation status report every 180 days until liquidation is concluded. A final Wrap-Up Report is required at the conclusion of liquidation, and the lender must forward to SBA its proportionate share of any recovery proceeds not already submitted.

Tab 10 – Early Payment Default

CFR §120.524. When is SBA released from liability on its guarantee?

(a) SBA is released from liability on a loan guarantee (in whole or in part, within SBA’s exclusive discretion), if any of the events below occur:

(2) The Lender has failed to make, close, service, or liquidate a loan in a prudent manner;

While the credit decision is left to the business judgment of the lender, early loan defaults will be reviewed by SBA pursuant to SOP 50-51.

Please provide a copy of the Bank’s Credit memorandum supporting the loan approval and related supporting documentation.

SBA Express Program Guide, Section 5. D. What Credit Analysis Must the Lender Do?

The SBAExpress credit analysis and credit decision processes are delegated to the lender. However, the lender is required to use appropriate and generally accepted credit analysis processes and procedures, and these procedures must be consistent with those used for its non-SBA guaranteed commercial loans. Acceptable analytical processes include “credit scoring,” if the lender uses credit scoring for non-SBA guaranteed commercial loans. The credit analysis technique must be documented, must be kept in the loan file, and is subject to SBA review.

The credit decision, including how much to factor in a past bankruptcy or whether to require an equity injection, is left to the business judgment of the lender. Also, if the lender requires an equity injection and, as part of its standard processes for non-SBA guaranteed loans verifies the equity injection, it must do so for SBAExpress loans. Otherwise, verification of an equity injection is not required.

SBA Express Program Guide, Section 5.B. What are the Closing Requirements?

(1) The lender must use IRS tax transcripts to verify financial information used to support the loan credit analysis for all SBAExpress loan applications. (However, as set forth in SBA Notice 5000-753, SBAExpress lenders are authorized to close and disburse SBAExpress loans without waiting for the IRS transcript, although they must follow-up and verify the IRS data when received. Also, if credit scoring is used and does not include business revenues or profits, IRS tax verification is not required.) If the lender discovers any discrepancy that is significant enough to indicate possible fraud on the part of the small business, the lender must:

SOP 50-51, Chapter 13. §14: Early Defaults/Early Loan Problems

For purposes of guaranty purchase reviews, the term “early default” means, generally, a default or business failure that occurs either prior to final disbursement of the loan, or within 18 months from the date of final disbursement (*or within 18 months of initial disbursement for a LOC*). A default includes an unremedied failure to make one or more payments required by the terms of the note, as well as events that would place a loan in liquidation status (see Chapter 4, Paragraph 6 of this SOP). Early loan problems are indicated when, either prior to final disbursement or within the first 18 months after final disbursement (*or within 18 months of initial disbursement for a LOC*), a borrower has a pattern of late payments or partial payments, or funds monthly payments through the sale of collateral, or the lender has deferred two or more consecutive scheduled payments.

SOP 50-51, Chapter 13. §15.B: PLP or SBAExpress Early Default Review

For all guaranty purchase reviews involving a loan processed under PLP or SBAExpress authority that has gone into early default or experienced early loan problems, the lender must submit a copy of its credit memorandum with all supporting documentation used or relied on by the lender in its credit analysis, and a complete copy of the borrower's application for the loan, along with SBA Form 912 (Statement of Personal History) for each principal. Financial staff must review these materials to determine if a deficiency by the lender in making and/or closing the loan contributed to or allowed the default or problems. (*Note: SBA Form 912 is not required if the borrower responded “No” to questions 1, 2 & 3 on SBA Form 1919.*)