

	B	C	D
3	Small Business Administration Loans - Part I		
4	Level of Participation	Yes/No	Comments
5	Does the credit union have preferred lender status or participate in the low doc program?		
6	If Yes, complete Initial Review (questions 1 through 7) and Member Business Lending Questionnaire. If No, complete all questions (Initial Review and Scope Determination).		
7	Initial Review	Yes/No	
8	1. Does the credit union segregate the balance of outstanding SBA loans (total of guaranteed and unguaranteed portions)?		
9	2. Does the credit union have documentation of approved SBA lender status?		
10	3. Does the credit union have policies and procedures specifically relating to the approval and processing of SBA loans?		
11	4. Have credit union personnel been trained in SBA underwriting practices? Under comments, briefly indicate level of SBA lending experience possessed by responsible individuals.		
12	5. Is the credit union appropriately tracking the unguaranteed portion of SBA loans?		
13	6. Does the credit union's aggregate MBL portfolio comply with the limits established by Part 723 of the NCUA Rules and Regulations?		
14	7. Has the SBA conducted a review of the credit union's SBA loan files?		
15	Scope Determination	Yes/No	
16	8. Is the credit union's aggregate SBA exposure more than 10% of net worth?		
17	9. Are any of the credit union's SBA loans not current, according to agreed-upon payment schedules?		
18	10. If SBA reviewed loans granted by the credit union, were these loans evaluated as less than substantially compliant with SBA rules and guidelines?		
19	11. Has there been a change in key personnel responsible for originating and monitoring SBA loans unchanged since the last exam?		
20	12. Were any losses recorded on the guaranteed portions of SBA loans since the prior examination?		
21	If No to questions 8 through 12, stop. Review of SBA program is complete.		
22	If Yes to any questions in 8 through 12, use the following: (Recommended Procedures)		
23	Recommended Procedures	Yes/No	
24	<u>Yes to Question 8.</u> Sample loans for compliance with requirements for SBA guarantee. Checklist of required forms is provided in part 2. Are loans compliant with SBA requirements?		
25	<u>Yes to Question 9.</u> Evaluate a sample of delinquent and current loans for underwriting quality. Will the credit union take a material loss if guarantee is not paid?		
26	<u>Yes to Question 10.</u> Evaluate status of loans with findings of non-compliance by SBA. Do non-compliant conditions persist?		

	B	C	D
27	Yes to Question 11. Sample loans underwritten and tracked by new staff. Does loan quality and monitoring remain adequate?		
28	Yes to Question 12. Review reason for non-payment of guarantee and review a sample of outstanding loans to determine if adequate action to improve strength of guarantee has been completed. Does the credit union have systemic weaknesses likely to result in the revocation or non-payment of amounts guaranteed by SBA?		

	B	C	D	E
3	Small Business Administration Loans - Part II			
4	The SBA considers the documentation of loan files to be more important than policy and procedures. Current forms can be downloaded from SBA's internet library: http://www.sba.gov/library/forms.html . Required forms should be found in each of the credit union's SBA loan files.			
5	<p>The credit union may demand honoring of the guarantee when a SBA loan is 60 days past due. However, SBA's purchase of the guaranteed portion of the loan does not waive SBA rights to recover from the credit union in the case of lender negligence, misconduct, or statutory violation.</p> <p>If loan documentation fails to comply with SBA standards, it can be considered a statutory violation. If a credit union fails to follow SBA procedures, the SBA may decide due diligence was not performed, as required by SBA regulations. Compliance or other regulatory violations may allow the SBA to revoke its guarantee at any time, even if the loan is already in default.</p>			
6	<p>As above, failure to correctly complete and include each form will result in SBA determining the credit union is not "substantially in compliance" with SBA requirements during its loan review. The result may be a SBA instruction for the credit union to attend formal training through SBA, or in significant examples, a withdrawal of the SBA guarantee of the loan.</p> <p>The most active and expert lenders qualify for the SBA's streamlined lending programs (Preferred Lending, Low Doc, and other programs). Under these programs, lenders are delegated partial or full authority to approve loans, which results in faster service from SBA. The streamlined lending programs may also permit lender's to use their own forms.</p>			
6	The forms listed below represent the documentation of a standard 7(a) loan.			
7	Required Form	Complete	Complete	Complete
8	File Description:			
9	Form 4			
10	Form 4A			
11	Form 4I			
12	Form 147			
13	Form 148			
14	Form 159			
15	Form 413			
16	Form 601			
17	Form 912			
18	Form 1050			
19	Form 1261			
20	Form 1624			
21	Form 1846			
22	Form 4506			
23	Form 722			
24	Form 793			