Print Form

Regular 7(a) Guaranty Purchase Package Tabs
Version dated 7/13/2009

This page and the following Tab Pages were designed to help you assemble your guaranty purchase request package. The use of the following Tab Pages is mandatory for all guaranty purchase packages. Please read and follow instructions provided on each tab sheet. Failure to meet the requirements outlined in these instructions could result in unnecessary delays and/or possible return of the purchase package. If you are unable to provide required documents, please explain in advance to expedite processing. To help organize your package submission, we recommend using bright colored paper or numerical dividers found in office supply stores. Please ensure that all documents are clearly labeled, stapled or clipped, and presented in the order outlined on this page behind the appropriate tab.

Thank you for your cooperation!

For streamlined purchase of loans where SBA's share of the remaining balance is under $10,000 Please go to last page for instructions.

Current versions of the Tab Pages can be found on the SBA Website.

Tab 1 - Demand Letter

Tab 2 - Loan Authorization

Tab 3 - Eligibility

- PLP Loan Eligibility Checklist OR LowDoc Loan Eligibilty Checklist
- Eligibility Statement for STAR Loan Program
- Franchise Agreement

Tab 4 - Legal Documentation

- Note
- Guaranties
- Security Agreements
- UCC Lien Searches showing SBA's lien
- Title Insurance and Recorded Deeds of Trust/Mortgages
- Purchase/Sale Agreement
- Legal Pleadings
- Other

Tab 5 - Settlement Sheets

Tab 6 - Transcript of Account

Tab 7 - Early Default

- IRS Income Tax Verification
- Evidence of Equity/Asset Injection
- Standby Agreement and Note
- Credit Memorandum
- Statement of Personal History (Form 912)

Tab 8 - Reconciliation of Business Personal Property Collateral

Tab 9 - Collateral Disposition

- Appraisals
- Site Visit Report
- Report of Sale or Release of Collateral
- Liquidation Wrap-Up Report

Tab 10 - General Information

- Wire Transfer Form
- Risk Management Form
- Environmental Questionnaire
- Phase I and/or Phase II Environmental Report
- Complete Lender's File
- Other Documents (Assumption Agreements, Compensation Agreement, etc.)
- Reason for Business Failure

Under 13 CFR 120.520(b), SBA is not obligated to purchase the guaranteed portion of a loan unless a Lender has submitted to SBA documentation that SBA deems sufficient to allow SBA to determine whether purchase of the guaranty is warranted. Additionally, under 13 CFR 120.520(c), a lender's failure to provide sufficient post-purchase documentation may lead to an initiation of an action for recovery from the lender for moneys paid by SBA to a registered holder on a guaranty. For these reasons, SBA has the right to request additional documentation other than the items listed on this index, and the Lender must comply with SBA's request.

Required

In order for SBA to process the guaranty purchase request, the lender must use the preformatted Demand Letter, signed by an authorized officer of the lending institution.

If the purchase has already occured and you are submitting a post purchase package no demand letter is required. Simply check this box. ☐

Prior to Submitting Purchase Request

- The Lender must contact the appropriate SBA Servicing Center to request that the loan be placed in liquidation status and transferred to the NGPC.
- The LowDoc program requires lender to liquidate business personal property prior to requesting guaranty purchase, unless in litigation or bankruptcy.

Has business personal property been liquidated?

☐ Yes ☐ No

If No, please explain.

- For all loans approved on or after May 14, 2007, the lender must liquidate all business personal property prior to requesting guaranty purchase unless the borrower has filed for bankruptcy or the loan has been sold in the secondary market and the lender has declined to purchase.

Has all business personal property securing the loan been liquidated?

☐ Yes ☐ No

If No, please explain.

- The regulations require that a demand for purchase be submitted within 180 days of maturity of the loan or within 180 days of the completion of liquidation or debt collection litigation in connection with a matured loan. Please check the maturity date of this loan to ensure that the loan is within these guidelines since SBA will be released from its guarantee if it is not. If the maturity occurred more than 180 days ago, please provide a written explanation why demand was not made.

Required

The Loan Authorization is the most important document in your purchase package request. The Loan Authorization contains the terms and conditions the lender **must meet** in order to validate the SBA Guaranty.

Please use your Loan Authorization and instructions on each tab to determine which documents are required for submission.

- Please note that if there is a companion loan(s) associated with the loan for which you are requesting purchase, you must include a copy of the Loan Authorization for that loan as well.

Does the loan for which you are requesting purchase have a companion loan(s)?

☐ Yes ☐ No

If Yes, please include a copy of the Loan Authorization(s) for that loan and write the loan number(s) in the space provided below:

Companion Loan Number(s)

Companion loans are broadly defined as SBA Guaranteed loans originated by the same lender to the same borrower.

Required

A. Type of Business: _____

(e.g. restaurant, medical services, consulting, etc.)

B. Select the Special Program under which the loan was originated (select all that apply):

- ☐ PLP
- ☐ LowDoc
- ☐ CLP
- ☐ STAR Loan
- ☐ None of the Above.

Evidence of eligibility **must** be provided as follows:

- For **PLP loans**, provide the PLP Loan Eligibility Checklist and any supporting documentation used in the eligiblity determination.
- For **LowDoc loans**, provide the SBA LowDoc Eligibility Checklist and any supporting documentation.
- For **STAR Loans**, provide eligibility statement or explain its absence.

C. Was the business a franchise/dealership?

☐ Yes ☐ No

If Yes, is the franchise on The Franchise Registry?

☐ Yes ☐ No

If Yes, please provide a Certificate of No Change to ensure that no changes to the agreement have occurred.

If No, please provide a copy of the Franchise/Dealership Agreement.

D. Did the business sell fuel/gasoline?

☐ Yes ☐ No

If Yes, provide fuel supply agreement or jobber agreement.

Required

A. **Note** (SBA Form 147) is mandatory for all loans. 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.

B. Other Legal Documents (provide all that are applicable and see corresponding definitions to fully understand the required documents.)

- ☐ Guaranties (SBA Form 148)
- ☐ Security Agreement
- ☐ UCC Lien Search
- ☐ Title Insurance and Recorded Deeds of Trust/Mortgages
- ☐ Purchase/Sale Agreement
- ☐ Legal Pleadings (Bankruptcy filings, etc.)
- ☐ Other (e.g. Certificate of Ownership and/or Certificate of Title of Vehicles or Manufactured Homes, Assignment of CDs or Stock, Assignment of Life Insurance, Landlord's Subordination, Lease Agreement). Provide evidence.

If not applicable, proceed to the next step. If any applicable, follow instructions below. If applicable but not provided, please explain.

Guaranties

Use of SBA Form 148 is mandatory when a guaranty is required.

Security Agreement

If a lien on business personal property is required in the Loan Authorization, a Security Agreement is required. Use of SBA Form 1059 is optional.

UCC Lien Search

This search is mandatory where personal property collateral is required and has recoverable value.

Please provide a complete set of lien documentation (as applicable):

- UCC Lien Search showing proper lien position Post-Default
- Financing Statements filed with Secretary of State and/or County
- UCC Continuation Statements (if the lien on the personal property interest is to remain in force for longer than 5 years, a continuation statement **must** be filed prior to expiration of the original filing).
- UCC Amendments/Termination, if applicable

Lender must provide proof of perfection of a required security interest on motor vehicles or manufactured homes, if applicable. The lender must provide copies of certificate of ownership and/or titles on any vehicles, with their lien recorded on it.

Title insurance and Recorded Deeds of Trust/Mortgages

Title insurance policy and/or title search provide evidence that the lien is in the proper position as stipulated in the Loan Authorization or any release or refinancing agreement. **It is mandatory where real property collateral is required.**

Does the Title Insurance or Post-Default Title Search show the same lien position as required by the Loan Authorization?

☐ Yes ☐ No

If No, please explain discrepancy. **Recorded Deeds of Trust/Mortgages are mandatory where real property collateral is required.**

Purchase/Sale Agreement

The lender must provide an executed copy of the terms of sale between the seller and the purchaser when loan proceeds are used to finance the purchase of a business.

Legal Pleadings

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

Required

The Settlement Sheet and all its requirements are mandatory for all loan disbursements.

A key element in the review process is determining that loan proceeds were used in accordance with the Loan Authorization.

A separate SBA Form 1050 (Settlement Sheet) with supporting documentation is required for each disbursement. It must be signed by lender and borrower.

Documentary evidence (copies of the cleared joint payee checks, bills of sale, and paid invoices as applicable) for each disbursement must be itemized and attached to each Settlement Sheet (SBA Form 1050). Include totals for each Disbursement category.

Documentary Evidence (Please check which items will be attached)

- ☐ Copies of cleared joint payee checks
- ☐ Bill of Sale
- ☐ Paid Invoices

Please see example below:

Date (For Each Settlement Sheet)	Business Acquisition	Leasehold Improvements/ New Construction	Equipment and Machinery	Inventory Purchase	Working Capital	Vehicles	All Other Debt	SBA Fee	Miscellaneous*	Total Disbursements

* Provide explanation of miscellaneous disbursements

Required

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

Note: With the exception of loans purchased from the secondary market by SBA, lenders may deduct 120 days of interest from liquidation proceeds which then should be shown on the transcript of account.

Did this loan default within 18 months from initial loan disbursement?

☐ Yes ☐ No

If No, disregard this tab.
If Yes, answer the following questions and follow instructions below.

Is this a PLP loan?

☐ Yes ☐ No

Was equity injection required?

☐ Yes ☐ No

Was Standby Agreement required as part of borrower's equity injection?

☐ Yes ☐ No

Is there a Note as a result of the Standby Agreement?

☐ Yes ☐ No

If yes, please include a copy of the Note.

For **all** early defaults, the lender must provide IRS income tax verification and evidence of equity injection. In cases when Standby Agreement is required as part of borrower's equity injection, lender must provide the Standby Agreement. For PLP loans, Credit Memorandum and Statement of Personal History (Form 912) must be provided. For additional information and instructions regarding each requirement, please see below.

IRS Income Tax Verification

Lender must provide copies of IRS tax transcripts and the financial statements and/or other financial information submitted by the applicant/seller that were compared with the tax transcripts in the lender's credit analysis during the loan origination process.

Was the purpose of the loan to finance a start-up?

☐ Yes ☐ No

If yes, IRS verification was not required

Was financial information verified against IRS Tax transcript?

☐ Yes ☐ No

If No, provide an explanation. If Yes, were any discrepancies noted?

☐ Yes ☐ No

If Yes, note the discrepancies and how they were resolved.

See Next Page for Other Document Instructions.

Evidence of Equity/Asset Injection

Lender must provide evidence that cash or assets were injected into the business prior to loan disbursement. Documentary evidence must be itemized. All evidence must be dated prior to loan disbursement. Provide purpose, breakdown, and totals for multiple paid bills and checks.

Examples of Evidence:

- ☐ Credit card receipts indicating item purchased;
- ☐ Paid invoices with vender receipts or corresponding cancelled checks; or
- ☐ Processed checks (must show back of check with bank processing stamp;
- ☐ Borrower bank statement that shows beginning and ending balances prior to loan disbursement;
- ☐ Settlement Statement such as HUD 1 or closing agent's settlement statement dated and signed by borrower and closing agent.

Note: If the total amount of a required cash injection is over 1/3 of the loan amount or $200,000, lender must provide proof of the source of the cash used for the injection (e.g. bank statement, gift letter) for all early default loans approved on or after 9/19/2005.

Standby Agreement

Lender must provide an executed copy of the Standby Agreement, if required as part of borrower's equity injection. If a Note resulted from the Standby Agreement, a copy of the Note must be included.

Credit Memorandum

Lender must include **Credit Memorandum and Supporting Documentation** for all early default Preferred Lender Program Loans**.** This includes the borrower's application, credit write up and all supporting documentation which the lender used and/or relied on to justify cash flow and loan approval.

Statement of Personal History

The statement of Personal History (Form 912) must be provided. If not provided, please explain. For all "Yes" responses on the SBA Form 912, please provide further explanation. A stamped USCIS INS Form G845 must be provided if the 912 indicates that the individual is not a U.S. citizen. The form must be stamped by INS or USCIC at the time of loan origination.

Is this documentation required based on your Loan Authorization?

☐ Yes ☐ No

If No, disregard this Tab. If Yes, follow instructions below. If required by Loan Authorization but not provided, please explain.

If Yes, be sure to include reconciliation documentation as described below.

The **lender must itemize** all original collateral with unit value of $5,000 or more specified in the Loan Authorization. Lender must include a brief description and, when applicable, a serial number.

Lender must provide proof of perfection of a required security interest on motor vehicles or manufactured homes, if applicable. The lender must provide copies of certificate of ownership and/or titles on any vehicles, with their lien recorded on it.

The **lender must** then reconcile the original list of collateral against an updated list of collateral items obtained from the post-default site visit or appraisal. Any discrepancies between these two lists must be explained.

Answer Questions A-D

A. Appraisals

Please answer below

	Appraisal Required by Loan Authorization?	Appraisal Obtained at Loan Origination?	Appraisal Obtained at Loan Liquidation?
Personal Property	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Real Estate	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No

If you answered NO to either of the last two questions, please explain.

Please include a copy of the appraisals completed both at origination and prior to liquidation, as appropriate.
Origination appraisals must be dated prior to loan closing.
Liquidation appraisals must be dated one year or less prior to the date of sale.

B. Post-Default Site Visit Report

Was site visit made?

☐ Yes ☐ No

If Yes, follow instructions below. If No, please explain.

Date of Site Visit: _____

Please provide a copy of the site visit report. Lenders **must** perform site visits within 15 days of an event that would cause the loan to be transferred to in-liquidation status or within 60 days of a payment default. The site visit should document the lender's efforts to protect the lender/SBA's interest in the collateral, including a comprehensive inventory of collateral.

C. Report of Sale of Collateral

Has any collateral been sold?

☐ Yes ☐ No

If Yes, follow instructions below. If No, please explain.

Lenders must provide itemization of sale proceeds (gross recovery) less expenses, with supporting documentation and show net recovery applied to principal balance on the Loan Transcript (see suggested format below). The net proceeds of the sale must be applied solely against principal. Proper application of proceeds from sale of collateral must appear on the Transcript of Account. If collateral has been abandoned, provide the basis for the decision.

Item	Sale Price	Expense	Description of Supporting Document	Net Recovery

* Attach copies of all expense invoices and provide totals. See Tab 10 for additional information about expense reimbursements.

Is any collateral remaining?

☐ Yes ☐ No

If Yes, please describe and provide a summary of liquidation activities up to the point of request for purchase.

D. Status of Liquidation and /or Wrap-Up Report

Is Liquidation Complete?

☐ Yes ☐ No

If No, please provide a liquidation report to date

If Yes, follow instructions below.

Is borrower / guarantor deceased?

☐ Yes ☐ No

A Wrap-Up Report must be submitted when the lender has completed all recovery activity, including guarantor's status. Its purpose is to explain and document for SBA that all of the collateral has been liquidated or abandoned.
Please follow recommended Wrap Up Report Format.

Please mark the documents you are providing in this Tab:

Required Documentation

- ☐ Wire Transfer Form
- ☐ Risk Management Database Form

Required by Loan Authorization

- ☐ Environmental Questionaire
- ☐ Phase I and / or Phase II Environmental Report

If required by Loan Authorization but not provided, please explain.

Required Documentation, As Applicable

- ☐ Complete lender's File (only if PLP loan defaulted within 12 months from initial disbursement and SBA share exceeds $250,000)
- ☐ Assumption Agreement(s)
- ☐ Compensation Agreement and breakdown
- ☐ All CPC Expenses and only Legal Expenses under $10,000 w/supporting documentation
- ☐ Other _____

Please follow instructions below to determine submission requirements.

Wire Transfer Form

SBA requires the use of the SBA Wire Transfer Form.

Risk Management Database Form

Section 102 of the Small Business Programs Improvement Act of 1996 requires SBA to report on the performance of its business loan portfolio utilizing a Risk Management Database. To comply with this requirement, SBA must compile statistical data on every business loan SBA makes or guarantees, and must calculate certain key ratios for entry into the database along with collateral information for every loan submitted for purchase. By assisting the underwriting characteristics of each loan at the time of application, SBA may gain significant insight into causes of default. This form is required with all purchase requests.

III. Environmental Questionnaire on Mortgaged Commercial Properties

An environmental questionnaire (Environmental Questionnaire Form) determines if a Phase I or Phase II audit is needed. Lender needs to complete form during an on-site inspection prior to initial disbursement at origination and prior to pursuing foreclosure when commercial real estate is taken as collateral. Refer to Loan Authorization, Collateral Conditions, to see if Environmental Questionnaire form is required.

IV. Phase I and / or Phase II Environmental Report

If a Phase I and/or Phase II is required, include the summary and recommendation pages only. For loans originated and/or liquidated after 11/01/2006, report must be consistent with AAI (All Appropriate Inquiries) standards. Refer to Loan Authorization, Collateral Conditions, for information regarding Phase I and/or Phase II.

V. Complete Lender's File

For PLP loans, the complete lender's loan file is **required** when the **payment default occurs within 12 months of initial disbursement** and **SBA's share exceeds $250,000**.

VI. Assumption Agreements

Please provide copies of any Assumption Agreements, if applicable.

VII. Compensation Agreement (SBA Form 159)

This form **must be** completed in connection with a loan application if:

1) The Applicant has paid (or will be paying) compensation to an Agent, or
2) If the Lender has (or will be paying) a referral fee.

There must be a completed Agreement for each Agent compensated by the Applicant. If the certifications are made by a legal entity other than an individual (e.g., corporation, limited liability company), execution of the certification must be in the legal entity's name by a duly authorized officer or other representative of the entity; if by a partnership, execution of the certification must be in the partnership's name by a general partner. **If the total compensation exceeds $2,500, the compensation must be itemized.**

VIII. Care and Preservation of Collateral and Legal Expenses

As noted in Tab 9 C., expenses are to be deducted from recoveries and applied to the principal balance on the transcript. If, at the time of purchase, there are no recoveries, SBA may choose to delay reimbursement until such recoveries exist.

All CPC expenses that are properly and fully supported by paid invoices and considered to be reasonable and prudent will be reimbursed at the time of purchase.

Legal expenses under $10,000 that are fully supported by appropriate documentation will be paid at the time of purchase. Legal expenses over $10,000 should be submitted separately from the purchase.

If any expenses submitted are not fully supported, they will be removed from the purchase.

If you wish to have expenses reimbursed at the time of purchase, please complete the CPC Tabs, and attach them behind Tab 10 of your purchase package.

To download the NEW CPC Tabs Click Here

For more information on how to submit CPC and Legal Expenses outside of the purchase process, please click here .

IX. Reason for Business Failure

Please provide an explanation for why the business failed and / or the default occurred.

Streamlined Purchase for Loans where SBA's Share of the Remaining Balance is Under $10,000

The process for purchasing the guaranty on a loan where SBA's share of the remaining balance is $10,000 or less, is different. The Lender should still use the 10-Tab system, but only include the documents listed below:

- Signed demand letter **(Tab 1)**
- The executed Loan Authorization **(Tab 2)**
- Eligibility checklist (if the loan is PLP or LowDoc) **(Tab 3B)**
- Franchise / dealership / fuel supplier information (complete Tab 3C and D.)
- The Note **(Tab 4)**
- Any guaranties **(Tab 4)**
- Certified transcript of account in SBA Form 1149 format **(Tab 6)**
- Lender certification that the loan proceeds were disbursed in accordance with the loan authorization **(Tab 9)**
- Wire transfer instructions **(Tab 10)**
- Risk Management Database Form **(Tab 10)**
- Compensation Agreement SBA Form 159 when executed by lender at origination **(Tab 10)**

If the liquidation is complete please include:

- Certification that liquidation is complete and all avenues of collection have been completed **(Tab 9)**

- Final wrap-up report **(Tab 9)**

When you prepare the purchase package, be sure you clearly state in your demand letter that this is an expedited purchase with a balance under 10,000, so that the screening team doesn't think it is an incomplete package. Also, please be sure to mark on the Tabs if documents are not required because it is a streamlined package.