

Charge-Off Tabs

Charge-off is an SBA administrative action whereby a loan is reclassified from "liquidation" to "charge-off" status and the outstanding balance of the loan is removed from the Agency's accounting records. It has no impact on an Obligor's liability for the loan balance. (SOP 50-57)

This Tab system was designed to help you assemble your final wrap-up report. In order for SBA to process and expedite your request for Charge Off, the following Charge-Off Tabs must be completed. Please be sure to complete all information requested and provide the appropriate supporting documentation as noted. If any information is not provided, please provide an explanation.

Once your Charge-Off package is received it will be assigned to a Loan Specialist for review. All Charge Off requests are assigned for review and consideration to a Loan Specialist in order of date received. If we are unable to process your request, you will be notified by the Loan Specialist or our Customer Service Department.

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TAB 6	Collateral Disposition
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Commercial Loan Service Center - Little Rock

2120 Riverfront Drive, Suite 100
Little Rock, AR 72202

Phone: 501-324-5871
Fax: 202-741-6959

* Email: LRSC.postservicing@sba.gov

** Send This File: <https://www.sba.gov/content/send-file>

Commercial Loan Service Center - Fresno

801 R Street, Suite 101
Fresno, CA 93721

Phone: 800-347-0922
Fax: 202-481-1756

* Email: fsc.postservicing@sba.gov

** Send This File: <https://www.sba.gov/content/send-file>

Borrower Name:

SBA Loan Number:

Companion Loans:

Has the guaranty been honored? Yes No

If the loan was sold on the secondary market, has the Post Purchase Review been completed? Yes No

Was this loan part of an FDIC Loss/Share Agreement? Yes No

Lender Contact Information

Lender Name:

Contact Name:

Phone: Fax:

E-mail:

Address:

City: State: Zip Code:

Global Certification:

I, _____, hereby certify, represent and warrant on behalf of _____ that all information and documentation submitted to the U.S. Small Business Administration in connection with this final wrap-up report is accurate, genuine and complete and contains true copies of _____'s records for this loan. I further certify that I have personally reviewed and confirmed, based upon _____'s records, the copy of _____'s Transcript of Account with respect to this loan provided herewith and that to the best of my knowledge and belief the information contained therein is true and accurate. I also certify to the best of my knowledge and belief that _____ has materially complied with the SBA Loan Program Requirements (as defined in 13 CFR 120.10) applicable to this loan.

By signing below, I represent and warrant that I have the proper authority to execute this document on behalf of _____

Signature: _____ Date: _____

Is Charge-off Appropriate?

Charge-off is appropriate when:

- All reasonable efforts have been exhausted to achieve recovery from (1) voluntary payments on the Note, (2) compromise agreement with the Obligors; (3) liquidation of the collateral; and (4) enforced collections;
- The estimated cost of further collection efforts exceeds the anticipated recovery;
- The only remaining avenue of recovery is from Obligors who cannot be located or who are unable to pay the loan balance; or
- The loan balance is uncollectible due to discharge in bankruptcy (i.e., release of the debtor from any further personal liability for pre-bankruptcy debts), the expiration of the statute of limitations (i.e., the passing of the deadline for suing), or the existence of another defense available to the remaining Obligors under state or federal law.

Check Yes or No regarding the status of the subject loan.

	Yes	No
Pending Post Purchase Review?	<input type="checkbox"/>	<input type="checkbox"/>
Ongoing Liquidation and/or Litigation?	<input type="checkbox"/>	<input type="checkbox"/>
Open Bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
Is there a possibility of further recovery?	<input type="checkbox"/>	<input type="checkbox"/>
Workout the Borrower is complying with?	<input type="checkbox"/>	<input type="checkbox"/>
Approved Performing Term OIC?	<input type="checkbox"/>	<input type="checkbox"/>
Billing owed to SBA?	<input type="checkbox"/>	<input type="checkbox"/>
Paid-in-Full Status?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered **Yes** to any of the questions, this loan is **NOT** ready for charge-off. Do not submit this package until the loan is fully ready for charge-off. Until then, continue to submit **Quarterly Status Reports** until the loan is ready for charge-off or paid in full.

Requests for approval of Recoverable Expenses may only be submitted with the Lender's Purchase Package or with the Lender's Wrap-Up Report (Charge-Off Tabs). Please read [SBA Informational Notice 5000-1311](#) for guidance on when lenders may submit requests for approval of Recoverable Expenses. Please use the Care and Preservation of Collateral (CPC) Tabs, located at https://www.sba.gov/sites/default/files/files/LRSC_and_FSC_CPC_Tab_System.pdf when submitting a Recoverable Expense request with your Wrap-Up Report (Charge-Off Tabs). **After the loan has been charged off, SBA will no longer accept a request for reimbursement of recoverable expenses.**

Charge-off Justification

Please attach a narrative detailing recovery and collection efforts, including reasons and justification for charge off action.

Site Visit Report

Please provide a copy of the post-default Site Visit Report or an explanation for why a site visit was not conducted.

Lender's Transcript

Please provide a current copy of the complete Lender's Transcript. If liquidation proceeds are listed on the transcript, complete Tab 4.

Was this loan purchased from the Secondary Market by SBA? Yes No

If **No**, proceed to Tab 4

If **Yes**:

1. Did the loan balance on the lender's transcript submitted with the post purchase package agree with what was reported to the FTA on the last 1502 prior to purchase from the Secondary Market? Yes No

2. Indicate the date when the balance stopped matching:

3. Please provide a revised certified transcript and a written statement explaining the reasons for the difference along with copies of all supporting documents to justify your revised balance (expense receipts, liquidation verification reflecting the gross/net and any deductions, copies of form 172, and evidence of any returned checks from the borrower.)

Please summarize all recoveries using the spreadsheet below. You **must** include all supporting documentation (i.e. HUD1 sheet(s), auction report(s), settlement statement(s), bill(s) of sale, and/or copies of cancelled checks). An Offer in Compromise (OIC) is considered recovery and must be included. Provide supporting documentation for funds held in escrow listed on the HUD-1.

	Date	Collateral Sold	Net Amount Applied to Indebtedness
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			

Total Recovery

Requests for approval of Recoverable Expenses may only be submitted with the Lender's Purchase Package or with the Lender's Wrap-Up Report (Charge-Off Tabs). Please read [SBA Informational Notice 5000-1311](#) for guidance on when lenders may submit requests for approval of Recoverable Expenses. Please use the Care and Preservation of Collateral (CPC) Tabs, located at https://www.sba.gov/sites/default/files/files/LRSC_and_FSC_CPC_Tab_System.pdf when submitting a Recoverable Expense request with your Wrap-Up Report (Charge-Off Tabs). **After the loan has been charged off, SBA will no longer accept a request for reimbursement of recoverable expenses.**

Collateral Worksheet

	Description of Collateral	Lien Position Per Loan Authorization	Current Lien Position	Liquidated	Remaining	Abandoned*
1				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

***If you checked "Abandoned", please complete Tab 6.**

Obligors Worksheet

	Guarantor Per Loan Authorization	Remaining	Released	Bankrupt	Limited	Deceased *
1		<input type="checkbox"/>				
2		<input type="checkbox"/>				
3		<input type="checkbox"/>				
4		<input type="checkbox"/>				
5		<input type="checkbox"/>				
6		<input type="checkbox"/>				
7		<input type="checkbox"/>				
8		<input type="checkbox"/>				
9		<input type="checkbox"/>				

*** If deceased, please provide a copy of the death certificate or printout of the verification from the Social Security Administration records:**

<http://search.ancestry.com/search/db.aspx?dbid=3693>

Abandonment of Collateral

Personal property collateral may be abandoned if the collateral has no significant Recoverable Value, i.e. the individual or aggregate Recoverable Value is \$5,000 or less.

Real property collateral may be abandoned if the collateral has no significant Recoverable Value, i.e. a Recoverable Value of less than \$10,000 per parcel. The decision and justification for abandoning collateral, including the basis for the Recoverable Value estimate, must be documented in the Loan File.

Abandonment of collateral requires a cost benefit analysis (post default appraisal, estimated moving and resale expenses, associated foreclosure and legal fees, etc.) that clearly supports and justifies that enforced collection of pledged real and or personal property would exceed potential recovery. (See SOP 50-57, Chapter 5 for requirements when property is contaminated).

Has any collateral been abandoned on this loan? Yes No

If **No**, proceed to Tab 7

If **Yes**, you must provide the justification used for such action along with supporting documentation. Examples of supporting documents are:

- **Post Default Appraisal**
- **Amounts owing to primary lien holders**
- **Environmental Reports (Summary pages of Phase I and Phase II)**
- **Summary detailing reasons for abandonment**

NOTE: Business Legal Entities: If legal entity is no longer operating, dissolved, and has not operated for more than two years, please provide SBA with documentation that obligor's business has been legally dissolved. Eligible active entities will be referred.

After Charge-off, if further collection is not barred by a valid legal defense such as compromise, discharge in bankruptcy, or statute of limitations, the loan and remaining Obligors must be referred to Treasury for further collection efforts (Debt Collection Improvement Act of 1996).

Name of Business:

	Name of each Business or Obligor	SSN/TIN	Current Address with Zip Code	Treasury Referral?		Reason Not to Refer
				Y	N	
1.				<input type="checkbox"/>	<input type="checkbox"/>	
2.				<input type="checkbox"/>	<input type="checkbox"/>	
3.				<input type="checkbox"/>	<input type="checkbox"/>	
4.				<input type="checkbox"/>	<input type="checkbox"/>	
5.				<input type="checkbox"/>	<input type="checkbox"/>	
6.				<input type="checkbox"/>	<input type="checkbox"/>	
7.				<input type="checkbox"/>	<input type="checkbox"/>	
8.				<input type="checkbox"/>	<input type="checkbox"/>	

Reason Not to Refer: B-bankruptcy, D-deceased, L-limited, C-compromise, O-other

Upon receipt of notice of a bankruptcy filing or other litigation concerning an SBA loan referred to Treasury, the Person receiving the notice must immediately notify the SBA Treasury Offset Division in Birmingham, Alabama so that the loan can be recalled from Treasury and SBA legal counsel can take appropriate action in response to the litigation. The notice, which must include the Borrower's name and the SBA loan number, should be faxed or e-mailed to:

Supervisory Loan Specialist
 Treasury Offset Division
 Fax: 202-481-0592
 E-mail: BirminghamTOPS@sba.gov

Note: Regardless of whether the loan was originally serviced by the Lender, after the loan has been referred to Treasury, all subsequent litigation is handled by SBA legal counsel(Chapter 3, Paragraph B, SOP 50-57).