



# U.S. SMALL BUSINESS ADMINISTRATION

## **SUBORDINATION REQUEST REQUIREMENTS** **DISASTER INFORMATION**

**For the U.S. Small Business Administration (SBA) to consider a *Subordination* request, on Real Property/Business Assets held as collateral, the below documentation must be provided. Borrowers and/or Guarantors have 30 calendar days to submit a completed packet. Completed packets will be reviewed within 15 business days of receipt by the proper SBA office. Incomplete packets will result in a delay in processing.**

### **ATTENTION:**

This requirements letter is not a commitment by the SBA. commitment made by the SBA will be provided separately in writing.

Approval of any request may be conditioned on curing defaults and correcting any collateral deficiencies or issues with loan documents.

**Note:** If SBA is in the process of foreclosing on the real estate used to secure your SBA loan, you must contact the SBA employee in the SBA's National Disaster Loan Resolution Center (NDLRC) named in your foreclosure letter to discuss this matter. As to non-bankrupt borrowers/guarantors in foreclosure, collection efforts currently in process will continue until SBA's NDLRC receives the required documentation and approves your request for assistance in writing. There will be no refunds of any offset(s) by the U.S. Department of Treasury during this period.

The SBA will consider *subordination* requests to accommodate the refinance of superior liens upon favorable fixed interest rates with reasonable and customary closing costs. Additional documentation may be required for thorough analysis.

### **GENERAL REQUIREMENTS (For All Loan Types):**

1. A signed and dated, detailed letter from the borrower(s) and/or guarantor(s) (if any) explaining the request and reason for subordination.
  - a. If you are requesting "cash out" of any proceeds, please explain the intended use of funds. (Cash out refinance includes anything other than an amount needed for the payoff of an existing senior lien and customary closing costs.)
2. Completed, signed and dated Consent to Verify Information and 3<sup>rd</sup> Party Authorization ([Borrower Authorization](#)) for all SBA borrower(s) and/or guarantor(s) (if any).
3. Completed, signed and dated Financial Statement of Debtor, [SBA Form 770](#) for all qualified borrower(s) and/or guarantor(s) (if any). (Unless discharged in bankruptcy)
  - a. **Note:** Not required if cash to borrower at closing is <\$1,000 and monthly P&I payment is being reduced and the account is current in Regular Servicing Status.
4. Copies of filed Federal Income Tax Returns (all schedules) for the last two (2) years from all borrower(s) and guarantor(s) (if any). If current tax return was not filed, submit a copy of your tax extension form and W-2 form(s).
  - a. **Note:** Not required if cash to borrower at closing is <\$1,000 and monthly P&I payment is being reduced and the account is current in Regular Servicing Status.
5. Copy of the signed Loan Application. (Must include the new interest rate and term of the loan.)
6. Title report of the collateral property dated within 6 months.

7. Appraisal of the collateral property dated within 6 months.
  - a. **Note:** Alternative valuations may be used if *streamline refinance*.
8. Copy of Loan Estimate/Closing Disclosure reflecting the terms of the refinance.
9. Verified payoff statement for all prior liens.
10. Copy of the completed SBA Subordination Worksheet, which includes name, address and phone of the closing company and the full name of the individual closing agent.
11. Verification of the current SFHA (flood zone) status.
12. Current hazard and flood insurance requirements (Windstorm, if required) as required by your SBA Loan Agreement:
  - a. **Note:** SBA loan may have insurance requirements in excess of conventional loans.
  - b. A copy of the Insurance Declaration page for the collateral parcel(s) naming SBA as loss payee in the Mortgagee Clause as specified by your correct servicing center as shown below.

**Additional requirements for Business Loans:**

1. Year-to-Date financial statements including the balance sheet and profit & loss statement current within 90 days.
2. Copy of latest filed Federal Income Tax Returns (all schedules) for the last 2 years. (If a current return was not filed, submit a copy of your tax extension form.)
  - a. **Note:** Not required if cash to borrower at closing is <\$1,000 and monthly P&I payment is being reduced and the account is current in Regular Servicing Status.
3. UCC Lien Searches of the business assets to be subordinated, dated within 6 months, when applicable.

**Please Note:**

1. The SBA does not **subordinate** to new lines of credit or to the increase in the lien amount of an existing line of credit without monetary consideration (pay down) on its loan.
2. The SBA does not **subordinate** to loans that have the potential for negative amortization or to junior liens.
3. Delinquency must be addressed as part of the **subordination** request.

*Please submit the above required information to the US Small Business Administration at your appropriate **Disaster Loan Servicing Center** as shown below.*

*Complete information packages may be E-Mailed, Mailed, Faxed or Uploaded. Please only use ONE option, and follow-up to verify receipt.*

**Birmingham Disaster Loan Servicing Center**  
 2 North 20<sup>th</sup> Street, Suite 320  
 Birmingham, AL 35203  
 Toll Free Phone: (800) 736-6048  
 Fax: (202) 481-0292  
 E-mail: [Birminghamdlsc@sba.gov](mailto:Birminghamdlsc@sba.gov)  
[Upload to Birmingham DLSC](#)

**El Paso Disaster Loan Servicing Center**  
 1545 Hawkins Boulevard, Suite 202  
 El Paso, TX 79925  
 Toll Free Phone: (800) 487-6019  
 Fax: (202) 481-5105  
 Email: [ElPasoDLSC@sba.gov](mailto:ElPasoDLSC@sba.gov)  
[Upload to El Paso DLSC](#)

**National Disaster Loan Resolution Center**  
 200 West Santa Ana Blvd., Ste., 740  
 Santa Ana, CA 92701-4134  
 Toll Free Phone: (855) 788-3154  
 Fax: (Liquidation) (714) 569-1630  
 Email: [NDLRC.Packages@sba.gov](mailto:NDLRC.Packages@sba.gov)  
[Upload to Santa Ana NDLRC](#)