



# U.S. SMALL BUSINESS ADMINISTRATION

## **RELEASE OF COLLATERAL REQUIREMENTS** **DISASTER INFORMATION**

**For the U.S. Small Business Administration (SBA) to consider a *Release of Collateral* request, Full or Partial Release, 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. Any 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.

Please be advised that under most circumstances, SBA will require full monetary consideration to approve a ***Release of Collateral*** request. Typically, this amount is the "net" proceeds from the sale of the collateral property, which is applied as a principal reduction, or 'pay down' payment on the loan. A 'pay down' for consideration is not a regular payment and regular monthly payments are not automatically re-amortized; you must request and qualify for payment reduction.

### **GENERAL REQUIREMENTS:**

All Borrowers and/or Guarantors are required to provide the following for all applicable sections. Additional documentation may be required for a thorough analysis.

### **Provide the Following for All Loan Types:**

1. A signed and dated detailed letter explaining the reasons for requesting the SBA to ***release*** its lien on collateral. Letter needs to include:
  - a. If collateral is being sold, disclose any association you may have with the purchaser (relative, business partner, etc.).
  - b. If applicable, explain why the SBA is not to be paid in full as a result of this transaction.
  - c. Specify the amount being offered to the SBA and the source of funds.
  - d. The Letter should include name, address, and telephone number of the transferring agent (i.e., closing attorney, escrow agent).
2. A completed, signed, and dated Third-Party Authorization ([Borrower Authorization](#)).
3. A completed, signed, and dated Financial Statement of Debtor ([SBA Form 770](#)). (Unless discharged in bankruptcy)
4. Copies of filed Federal Income Tax Returns (all schedules) for the last two (2) years. If a current tax return was not filed, submit a copy of your tax extension form and W-2 form(s).
5. Valuation of collateral: copy of a recent (no older than 120 calendar days if loan is in Regular Servicing and 365 days if NDLRC Liquidation Servicing) appraisal prepared by a real estate appraiser with an active

appraiser's license or alternative forms of valuation including, local tax assessor's value of the property, comparable sales, and market analysis. Valuations are required for all property **released** and **remaining** as collateral.

6. Title report/ownership encumbrance report: (current within 120 calendar days for Regular Servicing and 365 calendar days for NDLRC Liquidation Servicing) for collateral to be **released**.

**Note:** If the Borrower is requesting to retain a portion of the sales proceeds, a current (within 120 calendar days) Title Report/Ownership Encumbrance Report for the **remaining** collateral is required.

7. Prior lien balances: verified balance(s) of all prior liens' superior to SBA's position (include payoff statement or similar document from lien holders) from the properties to be **released**.
8. If the property **released** is real estate being sold, provide the following:
  - a. A copy of a fully executed purchase contract including all counter offers and addendums,
  - b. The closing or draft settlement disclosure (if the SBA loan is not being paid-in-full, it must state "Pay Down" to SBA and not "Pay Off"),
  - c. If SBA is a junior lien holder, specify how much money is to be paid to SBA from the Short Sale, either the remainder after paying off the Senior lien or the amount that the Senior Lien holder will permit SBA to receive.
    - i. Letter from the Senior Lien holder stating that they are accepting the Short Sale.
9. For real estate **remaining** as collateral, submit the insurance policy's declaration page(s) as proof of Hazard Insurance, (Windstorm, if required) and Flood Insurance, showing SBA as Mortgagee.
  - a. **Mortgagee Clause:** United States Small Business Administration, an Agency of the government of the United States of America, (Select and enter name and address of applicable center per below):
  - b. For real estate **remaining** as collateral, if property is not within a Special Flood Hazard Area (SFHA), provide written verification (i.e., appraisal, insurance company provided confirmation and map). If the property is within a Special Flood Hazard Area, you are required to provide Flood Insurance naming SBA as Mortgagee, with coverage amount equal to the insurable value of the property, or the maximum coverage available, whichever is less.

#### **Provide the Following for Business Loans:**

1. Copies of latest filed Federal Income Tax Returns (all schedules) for the last two (2) years. If current tax return was not filed, submit a copy of your tax extension form.
2. Year-to-Date financial statements including a current balance sheet and profit & loss statement (**within 90 days**).
3. Current Monthly Debt Schedule for business or use SBA [Form 2202](#).

*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: (915) 633-7123  
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](#)