

INTRODUCTION TO THE LOSS REPORT

The FY 2000 Small Business Administration (SBA) Loss Report provides information to management on the Agency 's loss experience for its various loan programs. The Loss Report focuses on the **actual losses as a percentage of disbursements** made to date on SBA loan programs. The report allows the user, at a glance, to review historical and current year data for each of the Agency 's primary lending programs. The report combines the results of loans made since FY 1992 that are subject to the requirements of Federal Credit Reform accounting (credit reform loans) with the results of loans made prior to FY 1992 (pre-credit reform loans) that are not subject to this accounting requirement.

The concept of charge-off deserves some explanation. The SBA has extensive debt servicing and collection procedures using all reasonable efforts to assure maximum recovery of loans prior to charge-off. These procedures include the use of modern collection methods and the acquisition and sale of collateral through liquidation processes. Only after the Agency has exhausted these collection methods does SBA classify a loan as charged-off. For guaranty loans, the loan must first be purchased from the participating lender before this classification can be made. Also, charge-off is a reportable status assigned as a debt to the Agency. The assignment of this status does not preclude the Agency from further collection remedies if it is determined that these efforts would result in additional collections to the Agency. It should be noted that charged-off loan amounts are principal only, and do not include accrued interest.

This Loss Report includes a variety of additional data. It includes losses and gains on the sale of collateral (real estate and other property) acquired on defaulted loans. This property is known as ColPur. In addition, it includes other costs of doing business to service and liquidate defaulted loans that have been added to the loan principal balance. Before a loan sale, the portfolio to be sold is reviewed to write down overvalued loans. The results of the write down are also included in this Loss Report. Finally, during FY 2000 the SBA, as part of its Loan Asset Sale program, conducted asset sale number 2.

The SBA uses loss data as part of its process to compute the subsidy rate for its loan programs. However, the loss rates developed in this Loss Report are not equivalent to the SBA 's subsidy rates. This is due to the other factors included in the subsidy rate computation such as loan fees, the present value of cash flows and interest rate considerations. As a result, the loss rates developed in this report are not easily compared to the subsidy rates on SBA 's loan programs.

This report is prepared using the SBA 's official records including general ledger and loan accounting system data.

SBA LOAN PROGRAMS

General Information

The following general information applies to business loans. Disaster loans are covered in a separate section of this report. Also, all guidelines are of a general nature and subject to exceptions. Some of the loan programs discussed have been discontinued, although the SBA continues to maintain loans in its portfolio that were delivered through these programs.

Direct Loans were historically available to certain special categories of borrowers unable to obtain lender participation loans. Currently, SBA only lends directly through the Microloan Business Program and the Disaster Loan Program.

Immediate Participation (IP) Loans historically were made jointly by SBA and private lenders when guaranty loans were unavailable to the borrower. This program has been inactive for years. For the purposes of this Loss Report, these loans are included in the Direct Loan category.

Guaranty Loans are made and disbursed by private lenders with the SBA providing a guaranty of up to 85 percent (with a maximum of 75 percent for loans of more than \$150,000). Upon borrower default, the SBA purchases the guaranty percentage of the unpaid balance of the loan. The maximum loan amount is \$2,000,000 but the maximum exposure allowable on the SBA guaranty is \$1,000,000.

Loan Proceeds may be used to establish a new business or to assist in the operation, acquisition, or expansion of an existing business. Loan proceeds may be used for working capital, the purchase of inventory, machinery and equipment, and the construction, expansion and rehabilitation of business property.

Loan Maturity varies according to the prudent economic life of the assets being financed, subject to the following maximums:

Machinery and Equipment - 10 to 25 years

Building Construction or Purchase - 25 years

Interest Rates are determined by the SBA program office for direct loans. Guaranty loan rates may not exceed the New York prime rate by more than 2.25% for loans with a maturity of less than 7 years, or 2.75% for loans with a maturity of 7 years or more (some flexibility is allowed for very small loans).

What follows is a more specific discussion of the various SBA loan programs.

GENERAL BUSINESS PROGRAM

Defined under Section 7(a) of the Small Business Act, the 7(a) program is now more accurately called the General Business Loan Guaranty Program and is the largest of SBA 's lending programs. The program promotes small business formation and growth by providing long-term loan guaranties to qualified firms.

General Business loans are always guaranty loans. The IP and direct loan programs for general business loans were discontinued in 1993. Direct loans included Economic Opportunity, Small Business Energy, Handicap Assistance, Veterans, Pollution Control and Import Export Loan programs.

DEVELOPMENT COMPANY PROGRAM

The Development Company program is actually a grouping of four separate and distinct lending programs defined under Section 7(a)(13) of the Small Business Act and Title V of the Small Business Investment Act. In general, all four programs consist of loans made through development companies for the purpose of fostering economic development in both urban and rural areas.

Section 501 (State) development companies were funded by a partnership arrangement between SBA and state governments. State development company loans are direct in nature. This program was discontinued in 1982.

Section 502 (Local) development companies were similar in nature to the Section 501 Loan program, only local, rather than state, governments are involved. The Section 502 program loan making activity was discontinued in 1995.

Section 503 and 504 (Certified) development companies provide fixed asset financing to small businesses for the construction or rehabilitation of owner-occupied or leased premises. These are guaranty loans only. The Section 503 program was discontinued in 1986, but was replaced by the Section 504 program that continues today.

U.S. COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM (CAIP)

The SBA has entered into an agreement with the Department of Treasury to deliver a program funded through the North American Development Bank (NADBank). The CAIP is designed to help American communities that have suffered significant job losses as a result of changing trade patterns brought about by the North American Free Trade Agreement. The CAIP provides economic support by increasing the availability and flow of credit, and encourages business development and expansion in impacted areas. Through the CAIP, credit is available to businesses in eligible communities to create new, sustainable jobs or to preserve existing jobs.

The CAIP is available with both the SBA 7(a) Loan Guaranty Program and the 504 Program to reduce borrower costs and increase the availability of these proven business assistance programs.

The CAIP and the SBA 7(a) Program: The SBA 7(a) Loan Guaranty Program provides lenders with

a guaranty on loans and lines of credit to small businesses. For loans that meet the eligibility requirements of the CAIP, the NADBank pays the SBA loan guaranty fee that is typically paid by the lending institution or the borrower. This fee is based on the size of the loan guaranty and currently ranges from 2 to 3.5 percent of the amount of the guaranty.

The CAIP and the SBA 504 Program: The SBA 504 Program is a new addition to the CAIP. It is designed to assist businesses in the acquisition of long term fixed assets. The typical 504 Program transaction has three components: First, a commercial lender provides 50 percent of the purchase price of real estate or equipment; second, the borrower provides at least 10 percent of the amount; and third, the balance is provided by a Certified Development Corporation (CDC) through the issuance of SBA guaranteed debentures. The up-front costs for this portion of the loan are borne by the borrower and can amount to several thousand dollars, depending on the size of the transaction.

As with the 7(a) Program, the CAIP may reimburse much of these costs for the borrower on eligible projects.

SMALL BUSINESS INVESTMENT COMPANIES

The SBA's Small Business Investment Company (SBIC) program provides long-term loans and/or venture capital to small firms. SBICs are privately owned and operated investment companies that are licensed and regulated by SBA. Venture capitalists participate in the SBIC program to supplement their own private capital through the issuance of SBA guaranteed debentures and preferred securities that are sold to private investors. SBA also licenses specialized SBICs (SSBICs) that specialize in meeting the needs of small firms owned by socially or economically disadvantaged persons. In addition, SSBICs may also leverage their own private capital by selling nonvoting preferred stock to SBA. SBICs also issue participating securities that are guaranteed by SBA and that provide SBA potential revenue for its guaranty of timely payment of amounts due to the debenture holders. The following types of investments are commonly used by SBICs:

Loans with Warrants: SBICs may make loans in return for warrants that enable them to purchase common stock, usually at a favorable price, during a specific period of time.

Convertible Debentures: SBICs may make loans with a conversion feature whereby the debenture can be converted, at the SBIC's option, into an equivalent amount of common stock.

Stock: SBICs may purchase common or preferred stock from small firms.

Partnership Interests: SBICs may purchase a limited partnership interest in a partnership.

DISASTER LOAN PROGRAM

Under the Disaster Loan Program, business owners, individuals and nonprofit organizations are eligible for SBA financial assistance to repair the damage caused by natural disasters such as hurricanes, floods and tornadoes. When the President or the SBA Administrator declares a specific area to be a disaster area, SBA offers two types of direct loans:

Physical Damage Disaster Loans are available to homeowners, renters, large and small businesses, and nonprofit organizations.

Economic Injury Disaster Loans are made to small businesses and small agricultural cooperatives that suffer substantial economic injury because of a physical disaster.

Interest rates on Disaster Loans are handled differently than other loans. For Business Loans, if a borrower is deemed able to obtain credit elsewhere, the interest rate may not exceed 8 percent. If these businesses cannot obtain alternative financing, the interest rate may not exceed 4 percent. For homeowners, the interest rate on Disaster Home Loans also follows the credit-elsewhere test, but the rates depend on the Treasury cost of funds. Loan maturity is also based on credit eligibility. Disaster Business Loan borrowers eligible for credit from other sources generally receive loans with a maturity not to exceed 3 years. Those borrowers that are unable to secure credit elsewhere can receive loans with a maturity of up to 30 years.

MICROLOAN PROGRAM

The Microloan Program, established in FY 1992, is to assist women, veterans, low income and minority entrepreneurs possessing the capability to operate successful business concerns. The program also assists small business concerns in those areas suffering from a lack of credit due to economic downturn. The SBA makes direct loans (up to \$750,000) to eligible and qualified intermediary lenders who then use the loan proceeds to make short-term, fixed interest rate microloans. These loans, usually made for less than the \$35,000 maximum, are for start-up, newly established and growing small business concerns. In conjunction with the loans made to intermediary lenders, SBA will make grants to such intermediary lenders to be used to provide intensive marketing, management and technical assistance for microloan borrowers. Also, SBA is authorized to make limited grants to eligible nonprofit entities to provide marketing, management and technical assistance to help low income individuals obtain private sector financing for their small businesses.

SBA LOAN LOSS REPORT

SECTION I

Actual Losses

On Pre Credit Reform and Credit Reform Loans

(Consolidated)

*General Business Loans	Direct/IP	Guaranteed	Program Total
Disbursements			
Balance as of 1999	\$5,521,257,814	\$81,741,359,435	\$87,262,617,249
FY 2000	\$-	\$6,616,709,140	\$6,616,709,140
Cumulative Disbursements	\$5,521,257,814	\$88,358,068,575	\$93,879,326,388
Charged Off Loans			
Balance as of 1999	\$1,135,273,286	\$5,677,295,671	\$6,812,568,957
2000 Loan Principal	\$2,546,970	\$272,636,042	\$275,183,012
2000 Judgment Principal	\$50,153	\$3,999,821	\$4,049,974
2000 Other Receivables	\$2,760,664	\$7,189,993	\$9,950,657
Cumulative Charged Off Loans	\$1,140,631,073	\$5,961,121,527	\$7,101,752,600
Recoveries			
Balance as of 1999	\$64,935,651	\$244,792,697	\$309,728,348
FY 2000	\$1,494,512	\$11,717,183	\$13,211,696
Cumulative Recoveries	\$66,430,163	\$256,509,880	\$322,940,043
Actual Net Losses			
Cumulative Charged Off Loans Net of Cumulative Recoveries	\$1,074,200,910	\$5,704,611,647	\$6,778,812,556
Actual Loss Rate (Actual Losses/Disbursements)	19.46%	6.46%	7.22%

*The following loan programs are included: 7(a), 8(A), Economic Opportunity, Small Business Energy, Handicap Assistance, Veterans, Pollution Control and Import Export.

Development Company Loans	Direct/IP	Guaranteed	Program Total
Disbursements			
Balance as of 1999	\$696,140,948	\$11,839,258,851	\$12,535,399,799
FY 2000	\$-	\$1,482,578,770	\$1,482,578,770

Cumulative Disbursements	\$696,140,948	\$13,321,837,620	\$14,017,978,568
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Charged Off Loans

Balance as of 1999	\$193,255,965	\$205,329,911	\$398,585,876
2000 Loan Principal	\$846,164	\$18,421,303	\$19,267,467
2000 Judgment Principal	\$-	\$187,652	\$187,652
2000 Other Receivables	\$46,560	\$430,386	\$476,946
Cumulative Charged Off Loans	\$194,148,689	\$224,369,252	\$418,517,941

Recoveries

Balance as of 1999	\$8,549,176	\$7,014,888	\$15,564,064
FY 2000	\$180,292	\$1,558,659	\$1,738,951
Cumulative Recoveries	\$8,729,468	\$8,573,547	\$17,303,015

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$185,419,221	\$215,795,705	\$401,214,926
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Actual Loss Rate

(Actual Losses/Disbursements)	26.64%	1.62%	2.86%
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SBIC (Small Business Investment Companies)**Direct/IP****Guaranteed****Program Total****Disbursements**

Balance as of 1999	\$798,220,667	\$4,843,965,846	\$5,642,186,513
FY 2000	\$-	\$1,274,395,000	\$1,274,395,000
Cumulative Disbursements	\$798,220,667	\$6,118,360,846	\$6,916,581,513

Charged Off Loans

Balance as of 1999	\$170,862,202	\$347,336,432	\$518,198,634
2000 Loan Principal	\$1,745,118	\$2,672,075	\$4,417,193
2000 Judgment Principal	\$5,559,165	\$2,151,583	\$7,710,749
2000 Other Receivables	\$2,358,906	\$-	\$2,358,906
Cumulative Charged Off Loans	\$180,525,391	\$352,160,090	\$532,685,481

Recoveries

Balance as of 1999	\$7,970,779	\$44,115,591	\$52,086,370
FY 2000	\$(1,605,830)	\$214,886	\$(1,390,944)
Cumulative Recoveries	\$6,364,950	\$44,330,477	\$50,695,427

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$174,160,441	\$307,829,613	\$481,990,055
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Actual Loss Rate (Actual Losses/Disbursements)	21.82%	5.03%	6.97
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USCAIP Guaranty (NAFTA)	Direct/IP	Guaranteed	Program Total
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Disbursements

Balance as of 1999	\$-	\$25,932,794	\$25,932,794
FY 2000	\$-	\$26,576,129	\$26,576,129
Cumulative Disbursements	\$-	\$52,508,922	\$52,508,922

Charged Off Loans

Balance as of 1999	\$-	\$-	\$-
2000 Loan Principal	\$-	\$72,458	\$72,458
2000 Judgment Principal	\$-	\$-	\$-
2000 Other Receivables	\$-	\$-	\$-
Cumulative Charged Off Loans	\$-	\$72,458	\$72,458

Recoveries

Balance as of 1999	\$-	\$-	\$-
FY 2000	\$-	\$-	\$-
Cumulative Recoveries	\$-	\$-	\$-

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$-	\$72,458	\$72,458
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Actual Loss Rate	0.00%	0.14%	0.14%
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(Actual
Losses/Disbursements)

Microloan Loans	Direct/IP	Guaranteed	Program Total
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Disbursements

Balance as of 1999	\$73,676,265	\$3,470,584	\$77,146,849
FY 2000	\$15,241,718	\$6,187,522	\$21,429,240
Cumulative Disbursements	\$88,917,983	\$9,658,106	\$98,576,089

Charged Off Loans

Balance as of 1999	\$-	\$-	\$-
2000 Loan Principal	\$-	\$-	\$-
2000 Judgment Principal	\$-	\$-	\$-
2000 Other Receivables	\$-	\$-	\$-
Cumulative Charged Off Loans	\$-	\$-	\$-

Recoveries

Balance as of 1999	\$-	\$-	\$-
FY 2000	\$-	\$-	\$-
Cumulative Recoveries	\$-	\$-	\$-

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$-	\$-	\$-
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Actual Loss Rate (Actual Losses/Disbursements)	0.00%	0.00%	0.00%
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All Business Loans	Direct/IP	Guaranteed	Program Total
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Disbursements

Balance as of 1999	\$7,089,295,694	\$98,453,987,509	\$105,543,283,203
FY 2000	\$15,241,718	\$9,406,446,560	\$9,421,688,278
Cumulative Disbursements	\$7,104,537,412	\$107,860,434,069	\$114,964,971,481

Charged Off Loans

Balance as of 1999	\$1,499,391,453	\$6,229,962,014	\$7,729,353,467
2000 Loan Principal	\$5,138,251	\$293,801,878	\$298,940,129
2000 Judgment Principal	\$5,609,318	\$6,339,057	\$11,948,375
2000 Other Receivables	\$5,166,130	\$7,620,379	\$12,786,509
Cumulative Charged Off Loans	\$1,515,305,152	\$6,537,723,327	\$8,053,028,480

Recoveries

Balance as of 1999	\$81,455,606	\$295,923,176	\$377,378,782
FY 2000	\$68,974	\$13,490,729	\$13,559,703
Cumulative Recoveries	\$81,524,580	\$309,413,904	\$390,938,485

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$1,433,780,572	\$6,228,309,423	\$7,662,089,995
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Actual Loss Rate (Actual Losses/Disbursements)	20.18%	5.77%	6.0%
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*Disaster Loans	Direct/IP	Guaranteed	Program Total
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Disbursements

Balance as of 1999	\$22,073,333,204	\$39,817,968	\$22,113,151,172
FY 2000	\$766,295,241	\$-	\$766,295,241
Cumulative Disbursements	\$22,839,628,445	\$39,817,968	\$22,879,446,413

Charged Off Loans

Balance as of 1999	\$2,149,604,640	\$1,936,933	\$2,151,541,573
2000 Loan Principal	\$172,097,281	\$-	\$172,097,281
2000 Judgment Principal	\$1,013,468	\$-	\$1,013,468
2000 Other Receivables	\$1,759,592	\$-	\$1,759,592
Cumulative Charged Off Loans	\$2,324,474,980	\$1,936,933	\$2,326,411,913

Recoveries

Balance as of 1999	\$165,274,833	\$8,805	\$165,283,638
FY 2000	\$14,034,135	\$-	\$14,034,135
Cumulative Recoveries	\$179,308,968	\$8,805	\$179,317,773

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$2,145,166,012	\$1,928,128	\$2,147,094,140
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Actual Loss Rate (Actual Losses/Disbursements)	9.39%	4.84%	9.38%
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*Asset sales data is also included.

All Agency Programs	Direct/IP	Guaranteed	Program Total
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Disbursements

Balance as of 1999	\$29,162,628,898	\$98,493,805,477	\$127,656,434,375
FY 2000	\$781,536,959	\$9,406,446,560	\$10,187,983,519
Cumulative Disbursements	\$29,944,165,857	\$107,900,252,037	\$137,844,417,894

Charged Off Loans

Balance as of 1999	\$3,648,996,093	\$6,231,898,947	\$9,880,895,039
2000 Loan Principal	\$177,235,532	\$293,801,878	\$471,037,410
2000 Judgment Principal	\$6,622,786	\$6,339,057	\$12,961,843
2000 Other Receivables	\$6,925,722	\$7,620,379	\$14,546,101
Cumulative Charged Off Loans	\$3,839,780,133	\$6,539,660,260	\$10,379,440,393

Recoveries

Balance as of 1999	\$246,730,439	\$295,931,981	\$542,662,420
FY 2000	\$14,103,110	\$13,490,729	\$27,593,838
Cumulative Recoveries	\$260,833,549	\$309,422,709	\$570,256,258

Actual Net Losses

Cumulative Charged Off Loans Net of Cumulative Recoveries	\$3,578,946,584	\$6,230,237,551	\$9,809,184,135
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Actual Loss Rate (Actual Losses/Disbursements)	11.95%	5.77%	7.12%
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SBA LOAN LOSS REPORT

SECTION II

Other Program Costs

OTHER PROGRAM COSTS

Non-recoverable Program Expenses and ColPur Losses

Other costs associated with SBA 's loan programs include non-recoverable program expenses and losses on ColPur. These additional costs are an incremental factor in the total cost of SBA 's credit programs.

Non-recoverable program expenses are those expenses absorbed by the Agency on its loan portfolio. These expenses are typically small in nature and classified as non-recoverable in that they are not added to the borrower's indebtedness. Examples include fees for title searches, UCC refile charges and other miscellaneous expenses.

The term "ColPur" represents pledged collateral, the title to which is held by the Agency following borrower default on a loan. Title may be transferred to SBA in one of two ways. First, a borrower may enter into a settlement agreement with SBA, offering the collateral in lieu of full or partial payment. A fair market value is assigned to the collateral and the borrower's indebtedness is reduced accordingly. The second method is through outright purchase of the property. Upon borrower default on a loan, the collateral is auctioned off at a sale. SBA issues a protective bid on the property that, if not outmatched, effectively results in SBA buying out all prior lien-holders and assuming title to the property.

This collateral is held only until the Agency can sell it, recovering what it can from the sale. In cases where the amount recovered is less than what the Agency paid or settled the property for, a loss on ColPur is recognized.

These costs are summarized for FY 2000 on the following pages.

Asset Sale Expenses and Asset Sale Losses

In August 2000, over 26,000 loans with unpaid principal balance totaling \$1.2 billion were sold to three successful bidders for \$530 million before expenses. As a result of this sale, the SBA recognized a \$600 million accounting loss. This represented the difference between the adjusted book value and the sales proceeds from investors. The SBA expected to recover less than \$530 million if it held and serviced the loans itself until they matured. Therefore, the sale is deemed successful and in the best interest of the government.

Other Program Costs:

Total Non-Recoverable Expenses and Net Losses on ColPur in FY 2000

	* Gen. Business	Local Dev	SBIC	Disaster	Total
Total Non-Recoverable Expenses	\$0	\$0	\$0	\$0	\$0
GAINS					
Gain on Sale of ColPur	\$1,046,900	\$0	\$99	\$777,254	\$1,824,253
Income Earned on Assets Acquired	\$1,618	\$21,351	\$0	\$0	\$22,969
Gross Gains on ColPur	\$1,048,518	\$21,351	\$99	\$777,254	\$1,847,222
LOSSES					
Loss on Sale of ColPur	\$6,050,216	\$2,007,712	\$226,409	\$973,388	\$9,257,724
Expenses Incurred on Assets Acquired	\$0	\$0	\$0	\$0	\$0
Gross Losses on ColPur	\$6,050,216	\$2,007,712	\$226,409	\$973,388	\$9,257,724
Net Gain (Loss) on ColPur	(\$5,001,698)	(\$1,986,361)	(\$226,310)	(\$196,134)	(\$7,410,502)
Total Additional Program Costs	\$5,001,698	\$1,986,361	\$226,310	\$196,134	\$7,410,502

*The following loan programs are included: 7(a), 8(A), Economic Opportunity, Small Business Energy, Handicap Assistance, Veterans, Pollution Control, and Import Export.

Other Program Costs: Net Losses on Asset Sales in FY 2000

	* Gen. Business	Local Dev	SBIC	Disaster	Total
GAINS	\$13,111,037	\$502,969	\$0	\$0	\$13,614,006

Gain on Asset Sales

LOSSES

Loss on Asset Sales	\$48,541,429	\$12,122,993	\$0	\$544,741,391	\$605,405,814
Expenses Incurred on Asset Sales					\$0
Gross Losses on Asset Sales	\$48,541,429	\$12,122,993	\$0	\$544,741,391	\$605,405,814
Net Gain (Loss) on Asset Sales	(\$35,430,392)	(\$11,620,024)	\$0	(\$544,741,391)	(\$591,791,808)

* The following loan programs are included: 7(a), 8(A), Economic Opportunity, Small Business Energy, Handicap Assistance, Veterans, Pollution Control, and Import Export.

GLOSSARY OF TERMS

Actual Loss Rate

Calculated as a percentage, this figure represents the ratio of net losses to total disbursements. Both net losses and disbursements are cumulative, inception to date for the program.

ColPur

This term is an abbreviation for "Collateral Purchased" and refers to pledged collateral that the Agency holds title to following borrower default on a loan.

Credit Reform

Accountability requirements pursuant to the Federal Credit Reform Act of 1990 in which credit program costs are recognized at the time obligations are incurred and reflect loan subsidies and Treasury borrowings as component cost elements.

Disbursements

Cumulative total of the principal amount loaned under a particular program. Depending on the loan type (i.e., Direct, Guaranty, or Immediate Participation), the disbursement of monies is made by SBA, the participating lender, or both.

Judgment

A judgment is obtained when SBA goes to court in order to collect on a defaulted loan.

Loans Charged-Off

The cumulative total of principal balance still owed SBA that has been determined uncollectible.

Recoveries

Borrower payments of principal and interest, judgments and other receivables applied to loans charged-off.