

SBA ONE

LOAN ORIGINATION SOLUTION

LOS March 17, 2017 Release 3.1 Highlights

Borrower Information

- The help text for the question “What is the age of business?” has been updated to “SBA considers a change of ownership to be a ‘new’ business because it will result in new, unproven ownership/management and increased debt unrelated to business operations.”

About the Principals / Guarantors

- Changes arising out of SBA Procedure Notice (5000-1401) regarding “Revised Procedures for SBA Forms 912 and 1081, and Fingerprint Cards (FD 258) for SBA Business Loan Programs” have been implemented. If an Individual responds “Yes” to Questions 2 or 3 on SBA Form 1919, a character determination will be required using the revised procedures.
 - If the response to the question “Has the lender determined upon review of court’s dispositions that the case(s) resulted in one or multiple misdemeanor convictions whose conditions were met more than six months prior to receipt of the application?” is “Yes”, the lender should retain the supporting information and court documentation, including the original SBA Form 912 in the file and proceed to process the loan under normal procedures with no further 912 review.
 - If the response to the question “Has the lender determined that the charges did not pertain to crime(s) against a minor (for example, child abuse or endangerment, possession of child pornography, etc.)?” is “Yes”, and the response to the question “Has formal clearance from the Office of Personnel Security (OPS), SBA or local SBA Field Office been received to process the loan?” is “No”:
 - Loans under delegated authority (Underwriting By = Lender): “The Lender may not disburse the loan until formal clearance from SBA is received in writing. Lenders must retain the original signed SBA Form 912, the original signed written explanation, all supporting information, court documentation, and a copy of the Agency’s clearance decision in their loan file.”
 - Loans under non-delegated authority (Underwriting By = SBA): “The Lender may not submit a non-delegated loan application until formal clearance from SBA is received in writing. Lenders must upload the original signed SBA Form 912, the original signed written explanation, all supporting information, court documentation, and a copy of the Agency’s clearance decision in SBA One in tab 4.”
 - Additional documents which can be manually uploaded:
 - Form 912 – original signed written explanation {Principal}
 - Form 912 – court documentation {Principal}
 - Form 912- supporting documents {Principal}

Financial Needs

- If the aggregate of the requested loan amount and any amount(s) listed in the *Other SBA Loans* grid exceeds \$5MM for 7a Loans, \$350K for SBA Express Loans and \$250K for Community Advantage Loans, SBA One will display a warning message that E-TRAN may return a validation error upon submission. A help link will also be provided to instructions outlining potential steps to follow to resolve an aggregate loan balance error when attempting to refinance existing SBA debts.
- If the *Use of Proceeds* includes *Business Acquisition*, a business valuation report is required to be uploaded:
 - *Independent Business Appraisal*: If the amount being financed (including any 7(a), 504, seller, or other financing) minus the appraised value of real estate and/or equipment is greater than \$250,000 or if there is a close relationship between the buyer and seller (for example, transactions between family members or business partners), the lender must obtain an independent business appraisal from a qualified source and upload into Tab 5.
 - *Lender Valuation*: If the amount being financed (including any 7(a), 504, seller, or other financing) minus the appraised value of real estate and/or equipment being financed is \$250,000 or less, the lender may perform its own valuation of the business being sold, unless the lender's internal policies and procedures require an independent business appraisal from a qualified source.

Terms & Conditions

- The system validates that the *Regular Payment Begins* period has to be later than the *Interest Only* period.
- The system retains the *Maturity Period* values even if the loan details are edited.

Collateral Details

- If the response to "Secured by guarantor(s):" is "Yes", then the system displays the list of the secured guarantors who can be associated with this collateral. Only those secured guarantors will be included who are currently included in the "About the Principals / Guarantors" grid. If there are no secured guarantors, the response to this question shall be system defaulted to "No".

Documents

- In the system generated Form 1920, the below questions mappings have been corrected:
 - Existing debt no longer meets the needs of the Applicant;
 - This application is being processed under 7(a) Small Loan, Standard 7(a), or CLP and the lender has provided a transcript of account for the past 36 months or the life if the loan whichever is less and the lender has explained any late payments and/or late charges that have occurred during the last 36 months;
 - Loan is an Export Express loan and will not refinance an existing SBA-guaranteed loan.
- The co-borrowers *Tax IDs* are properly reflected in Form 1920.
- Resolved issue where the system generated Draft Authorization was missing the *Entity-Guarantors* details.

- The system auto-generates the *Loan and Credit Memo Details Report* after the loan details have been completed. If the loan details are modified, the report will be regenerated. The latest copy of the *Loan and Credit Memo Details* report will be included in the *Consolidated Document* report sent to LGPC.

Credit Score

- Fixed issue where comma was being left out of the Small Business Borrower Legal Name (Applicant) after request is sent to E-TRAN.

E-TRAN XSD 5.0

- Expanded Submit to E-TRAN standards to include optional data elements from SBA's XSD 5.0 schema.
- Mapped collateral types and collateral sub-types in the E-TRAN XML to the E-TRAN Code Table values.