

## OFFER IN COMPROMISE

**OIC must be done separately for all obligors (including borrowers and guarantors).**

**Generally, compromise negotiations with an Obligor may only be initiated after all of the collateral has been liquidated.**

In order for the Small Business Administration to process a request for an Offer in Compromise on the SBA loan, **please provide the following required information as itemized below.**

### **ATTENTION:**

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

Any incomplete packages are subject to delays and/or may be returned/unprocessed. Additional documentation may be required for thorough analysis.

If SBA approves your offer in compromise, your loan will be reclassified as "Compromise/Closed" and no future efforts by SBA to collect the loan will be exerted. Also, we will remove your name and social security number from the Treasury offset program; therefore, you will no longer be subject to forfeiting any future federal tax refunds. While SBA will no longer attempt to collect this debt, the compromising of it (not paying the entire balance in full) may preclude you from borrowing funds from any federal agency in the future.

IRS regulations categorize the unpaid amount as "unearned income" and you will be receiving a federal form 1099C.

**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.

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

1. A letter from the borrower(s) and/or guarantor(s) (if any) signed and dated explaining your financial hardship.
  - a) If you are disabled or have a medical emergency, a doctor's statement is required concerning the status of your health.
  - b) If unemployed, provide dismissal notices from your employer and/or unemployment benefits letter.
2. A completed and signed 'Offer in Compromise' ([SBA Form 1150](#)) and a statement clearly setting forth the source of funds for payment of the amount being offered in SBA Form 1150.
3. Borrower's Consent to Verify Information and 3<sup>rd</sup> Party Authorization ([Birmingham Form](#), [El Paso Form](#), [Santa Ana Form](#)) signed by all SBA borrower(s) and/or guarantor(s) (if any).
4. Completed, signed and dated Financial Statement of Debtor ([SBA Form 770](#)) sheet.
5. Copies of the last 2 months of statements for all bank and investment accounts.
6. Provide a copy of your two (2) most recent pay stubs from the borrower(s) and guarantor(s) (if any). If you are a recipient of Social Security, provide a copy of your current SSA/SSI award letter, and a copy of your most recent SSA/SSI check stub.

7. Copies of latest Federal Income Tax Returns (all scheduled) for the last two (2) years.
8. Additional verification of income from borrower(s) and guarantor(s) (any other documents not identified in #6 or #7).

**ADDITIONAL REQUIREMENTS (For Business Loans):**

9. Interim financial statement - balance sheet and profit & loss statement **current within 90 days**.
10. If there is a business associated with this debt, we also need a copy of the dissolution of the business (if applicable).
11. UCC Lien Searches of the business assets held as security on loan dated within 6 months (if applicable).

**ADDITIONAL REQUIREMENTS (If OIC Involves Release of Collateral):**

12. Valuation of Collateral: A copy of a recent appraisal (no older than 6 months if loan is in regular servicing; no older than 12 months if loan is in liquidation) prepared by a real estate appraiser with an active real estate appraiser's license. If an appraisal is not available, you may provide alternative forms of valuation, such as comparable sales, market analysis or a property tax assessment (if the property has been reassessed within the last 12 months).
13. Current Title Report/Ownership Encumbrance Report of the collateral held as security dated within 6 months.
14. Current payoff statement(s) for each lien holder senior to the SBA

**Packages can be electronically uploaded or sent via regular mail:**

(1) Electronic upload:

- a. [Upload to Birmingham DLSC](#)
- b. [Upload to El Paso DLSC](#)
- c. [Upload to Santa Ana NDLRC](#)

(2) Regular mail: Mail to the appropriate center:

- a. US SBA, Birmingham DLSC – 801 Tom Martin Drive, Suite #120, Birmingham, AL 35211
- b. US SBA, El Paso DLSC - 10737 Gateway West, Suite #300, El Paso, TX 79935
- c. US SBA, Santa Ana NDLRC - 200 W Santa Ana Blvd, Suite #180, Santa Ana, CA 92701