

February 2009

Washington Metropolitan Area District Office

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www.sba.gov/localresources/dc

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Small Business Week '09
May 17 – 23, 2009

All SBA programs and services are provided on a nondiscriminatory basis.

NEW UNILATERAL SERVICING ACTION MATRIX AVAILABLE

Have you ever wondered if a servicing action you are working is covered by your unilateral servicing authority, or which actions require the lender to receive SBA's prior written approval? Do you know which unilateral servicing actions require the lender to notify SBA of the change and which actions only require the lender to document the file without SBA notification?

Each month, the commercial loan service center receives hundreds of loan servicing actions which can be processed under the lender's delegated unilateral servicing authority. Many common unilateral servicing actions do not require any sort of submission to SBA. This is based upon the SBA loan servicing regulations ([13 CFR §§ 120.535 and 120.536](#)) which went into effect May 10, 2007 ([SBA notice 5000-1017](#)).

In an effort to provide these answers to our lending community SBA has developed a handy guide to assist you on what actions require submission to the Center. [Click here to view our Unilateral Action Matrix.](#)

HOW TO REQUEST A SERVICING ACTION

A clear and concise cover letter drawn from information in the lender internal credit memorandum generally suffices as the servicing request to us. If the cover letter addresses the request and describes the supporting analysis, you do not need to submit additional information. The SBA reserves the right to request additional information as individual circumstances require.

When submitting by fax or email to the Commercial Loan Centers ([CLCs](#)) actions that involve complex credit or collateral issues, it would be beneficial to include the lender internal credit memorandum with the servicing request. If the credit memo includes your analysis of the borrower's financial statements, ([servicing action supporting schedule](#)) please do not submit to us a copy of the financial statements. Similarly, if your credit memo describes the collateral analysis and basis for collateral valuation, please do not submit to us copies of appraisals or other documents related to collateral.

In general, servicing requests must address a common set of elements. These elements allow the lender and SBA to quickly understand the request, the status of the SBA loan(s), the condition of the borrower's business and other factors important to the decision.

Your Servicing Request May Require All or a Portion of the Following Items:

1. A statement of the proposed action and a brief description of what makes the request necessary.
2. Status of the SBA loan (date and amount funded, current balance and status).
3. Identification of obligor.
4. A summary of the analysis of the business, including analysis of financial statements.
 - a. Before and after collateral analysis, for actions that affect the collateral. (Collateral now and what it would be if request were approved).

(Continued on Page 2 – SERVICING ACTIONS)

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(SERVICING - Continued from Page 1)

5. Summary of prior servicing experience with the borrower, e.g., loan modifications and/or problems pertinent to the request.
6. Identification of guarantors/co-makers and a statement as to whether their consent has been or will be obtained for the action.
7. A Summary of the impact/benefit of the action on the business.
 - a. Will the proposed action address the needs or solve the problems of the business?
 - b. Will the action protect the interest of the lender/CDC and SBA?
8. A **[Servicing Checklist](#)** for certain PLP/SBAExpress and LowDoc servicing requests may be submitted in order to facilitate review.

Further instructions and guidance on submitting servicing requests can be found in our **[Servicing Guideline Booklet](#)** and **[SOP 50-50-4](#)**. In 2004 SBA implemented streamlined loan servicing, actions that have been fully delegated to 7a lenders (See **[Fresno CLC Letter](#)** or **[Little Rock CLC Letter](#)**) or Certified Development Companies (CDCs) should not require either a notification to or a response from SBA. For details of the streamlined procedure please see **[SBA Procedural Notice 5000-917](#)**.

9. For those CDC actions requiring SBA approval, **[common loan servicing request templates](#)** may be submitted in order to facilitate review

Common Servicing Requests:

Other common servicing requests include:

1. **[Reinstatements](#)**: Loans that have been erroneously reported as Paid in Full. Loans that have been cancelled due to non payment of SBA guaranty fee.
2. **[Transfer of Participation](#)**.

What if I Have Questions Concerning my Servicing Request?

Please feel free to **[contact SBA](#)** via email, fax or phone if you have questions. Our hours are 8:00 am to 4:30 pm Monday – Friday.

**IF YOU WOULD LIKE TO CONTINUE RECEIVING
THIS NEWSLETTER, PLEASE VISIT
<http://web.sba.gov/list/> THEN:**

1. Scroll down and check the box next to "The Lender's Advantage".
 2. Enter your name and e-mail address in the appropriate boxes at the bottom of the page then click on "Subscribe".
 3. You will receive an e-mail from **LISTSERVE@newganges.sba.gov** asking you to confirm your subscription request. In order to complete your request, you **MUST** respond to that e-mail.
 4. Be sure to read the **[privacy statements](#)** of the sponsoring agencies.
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THE LENDER'S ADVANTAGE

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COLLECTION OF PROCEEDS FOR LIQUIDATION LOANS

This is a friendly reminder to all lenders of SBA's policy on proceeds collected under loans in liquidation status. Please remember in liquidation cases where SBA purchased the guaranteed portion of the loan, the lender must remit SBA's share of the net proceeds to SBA within **15 days** from the time the lender receives the funds from the borrower or from collateral sales, together with the accurately completed **SBA Form 172** "Transaction Report on Loan Serviced by Lender"; and an itemized accounting of income and expenses.

When the SBA guaranty has NOT been purchased, the participant will be allowed to recover up to 120 days of interest from liquidation proceeds, using the interest rate in effect at payment default. All other proceeds received from liquidation must be applied by the lender to the principal balance of the loan. The SBA will then pay only its portion of the principal balance outstanding with no accrued interest at the time of the guaranty purchase. (**See SOP 50 50, Chapter 9, "Purchasing SBA's Guaranty."**)

FREE Online Courses:

[How to Win Customers in a Slowing Economy](#)

[How to Prepare a Business Plan](#)

[Global Enterprise: A Primer on Exporting](#)

Other Online Training Courses may be found on
<http://www.sba.gov/services/training/onlinecourses/index.html>

For more information on SBA's loan programs please contact Dave Wiggs, Freddie Biddle, or Robert Carpenter on the number or email address provided on this page.

TOP FIVE LENDER RANKING BY CATEGORY

As of January 31, 2009

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LENDERS BY TOTAL DOLLARS		\$ AMOUNT
1. BUSINESS FINANCE GROUP		\$9,571,000
2. BRANCH BANKING & TRUST (BB&T)		\$3,447,900
3. CHESAPEAKE BUSINESS FINANCE		\$3,250,000
4. WILSHIRE STATE BANK		\$2,810,000
5. SUNTRUST BANK		\$2,501,500

COMMUNITY BANKS	YTD LOANS	\$ AMOUNT
1. SONABANK, N.A.	7	\$1,758,000
2. ACCESS NATIONAL BANK	3	\$839,000
3. THE BUSINESS BANK	2	\$325,000
4. THE ADAMS NATIONAL BANK	2	\$275,000
5. EAGLEBANK	1	\$350,000

REGIONAL BANKS	YTD LOANS	\$ AMOUNT
1. SANDY SPRING BANK	3	\$1,050,000
2. SOVEREIGN BANK	2	\$150,000
3. CHEVY CHASE BANK, FSB	1	\$275,000
4. FULTON BANK	1	\$100,000
5. UNION TRUST BANK AND TRUST CO.	1	\$100,000

NATIONAL BANKS & NON-BANK LENDERS	YTD LOANS	\$ AMOUNT
1. BRANCH BANKING & TRUST (BB&T)	20	\$3,447,900
2. SUPERIOR FINANCIAL GROUP	17	\$170,000
3. SUNTRUST BANK	10	\$2,501,500
4. INNOVATIVE BANK	9	\$230,000
5. M&T BANK	8	\$350,000

CERTIFIED DEVELOPMENT COMPANIES	YTD LOANS	\$ AMOUNT
1. BUSINESS FINANCE GROUP	14	\$9,571,000
2. CHESAPEAKE BUSINESS FINANCE	2	\$3,250,000
3. MID-ATLANTIC BUSINESS FINANCE	1	\$158,000

504 FIRST-TRUST LENDERS	YTD LOANS	\$ AMOUNT
1. BANK OF AMERICA	3	\$1,144,500
2. ACCESS NATIONAL BANK	2	\$1,377,500
3. COMMERCEFIRST BANK	2	\$679,398
4. SUNTRUST BANK	2	\$608,500
5. OLD LINE BANK	1	\$4,403,042

MICROLENDERS (MIC)	YTD LOANS	\$ AMOUNT
1. LATINO ECONOMIC DEVELOPMENT CORP.	2	\$8,000

NATIONAL BANK – Operates in multi-geographic regions.

REGIONAL BANK – Operates throughout an entire geographic region i.e., Wash Metro area and adjacent geographic areas.

COMMUNITY BANK – Includes all other banks which normally operate in smaller geographic territories than do National and Regional Banks.

CERTIFIED DEVELOPMENT COMPANIES (CDC) – Loan processing for the 504 Fixed-Asset Loan program.

MICRO LENDER (MIC) – Non-Profit Community Development Groups that provide loans up to \$35,000.