

August 28, 2012

The Honorable Jim Costa
Member, U.S. House of Representatives
2700 M Street, Suite 225
Bakersfield, California 93301

Dear Representative Costa:

Thank you for your inquiry on behalf of Gustavo and Lucy Garza, regarding a U.S. Small Business Administration (SBA) 7(a) loan made to their business, Garza Bros. Furniture Center (GBFC).

According to Agency records, on January 28, 1986, SBA approved a 7(a) loan guaranty request in the amount of \$375,000 to GBFC from the Money Store Investment Corporation (MSIC). The SBA provided a 90 percent guaranty on this loan.

The loan went into default and SBA honored its guaranty in the mid-1990s. The property located at 405 Harlow Avenue in McFarland, California, was collateral for the loan and documents were executed by Mr. and Mrs. Garza in May 1986. Later these documents were assigned to SBA by the GBFC in September 1992. The loan was charged off in April 1997 after having received no payments. The total amount charged to a loss was \$508,129.28 (\$275,024.21 in principal and \$233,105.07 in interest).

Based on the Garzas' communication to your office, it appears they are requesting SBA's release of lien on the real estate collateral provided to secure the Agency loan. Apparently, Mr. Garza wishes to repair and maybe able to rent the property. While SBA does on occasion consider release of liens on property held as collateral, it is typical that the Agency requires monetary consideration, especially in light of the loss to the Federal Government. If Mr. and Mrs. Garza wish to submit a request for release of this lien, they must provide a current, independent valuation of the property and the monetary consideration they propose to offer SBA. If the Garza's choose to pursue this request they may send it to the following address:

SBA-Fresno Commercial Loan Service Center
801 R Street, Suite 101
Fresno, California 93721.
Attn: PSA Department

If Mr. and Mrs. Garza have any further questions regarding SBA's loan servicing, liquidation, or the release of lien procedures, they may contact Mr. Joel Stiner of the SBA Fresno Commercial Loan Service Center (FCLSC), at (800) 347-0922, extension 2751.

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We appreciate your support of the SBA and the California small business community. If you and your staff have additional questions regarding this matter, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

John A. Miller
Director
Office of Financial Program Operations

cc: Joel Stiner, SBA FCLSC