



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

August 7, 2012

The Honorable Jim DeMint
United States Senator
1901 Main Street, Suite 1475
Columbia, South Carolina 29201

Dear Senator DeMint:

Thank you for your letter on behalf of Mr. Daniel Robinson regarding a U.S. Small Business Administration (SBA) guaranteed loan made to his business Doctors Express doing business as Feel Better, Inc. (FB).

According to Agency records on October 4, 2010, SBA approved a request for 90 percent guaranty of a \$550,000 loan to FB from The Private Bank & Trust Company (PBTC), an Agency participant lender. This loan was approved for the purposes of working capital, facility build-out, and to fund the purchase of medical equipment. This loan was secured by a first security interest in business chattels as well as a secured personal guaranty of Katherine Robinson and Mr. Robinson secured by a third mortgage on a residence located in Fripp Island, South Carolina. On May 7, 2012, this loan defaulted and placed in liquidation status with a principal balance owing of \$519,339.28.

Under the Agency's rules, a SBA participant lender is required to service its SBA guaranteed loans portfolio in an expeditiously but commercially responsible and effective manner consistent with sound commercial lending practices. PBTC has the delegated authority and responsibility to take all actions necessary to modify the loan within reason and consider all equitable terms and conditions or move forward through the liquidation process to effectively maximize recovery on the loan. Lenders are afforded a great deal of latitude and discretion in formulating and executing reasonable and responsible workouts on defaulted loans. PBTC continues to use its delegated authority to protect their interest and rights.

Based on Mr. Robinson's letter to your office, he is seeking assistance in either seeking additional payment deferments or a discounted payoff amount from the lender should he be successful in finding an equity investor. In response, SBA contacted PBTC concerning this loan. PBTC advised that the loan starting experienced payment issues after 5 months after disbursement. To assist, PBTC approved the use of cash collateral to Mr. Robinson as a means of bringing the loan current. Shortly thereafter the loan

became a chronic delinquency problem and the October 2011 payment was not made until December 22, 2011. This was the last regular payment the lender received. In January 2012, after discussions, PBTC agreed to a 90 day deferment. This action was based on Mr. Robinson providing additional information regarding the financial performance of the business along with a plan and projections supporting the business' ability to reach breakeven in the foreseeable future. The plan hinged on his ability to seek concessions from other stakeholders, namely, the franchisor, the landlord, and the staff as well as talking to "investors" about providing additional capital to the business, or selling it outright. On expiration of that deferment, Mr. Robinson requested an additional deferment. This request was denied based on his lack of execution of the previous plan. Moreover, it was not clear to PBTC that additional time was going to cure the issues surrounding the business. Therefore the lender encouraged Mr. Robinson to continue to work the plan he had previously provided as aggressively as possible. Mr. Robinson then responded with a request for a short sale settlement which was denied based on the value of the collateral as well as the financial wherewithal of the guarantors to pay the loan in full.

Absent any success of Mr. Robinson's efforts, PBTC moved forward to enforce the collection of this loan. While the lender continues to be receptive to any reasonable and responsible alternative, the lender continues to feel that the only viable option is the original plan as put forth by Mr. Robinson in January 2012. The SBA urges Mr. Robinson to resume this course of action and resume a meaningful dialogue with PBTC by contacting Ms. Carolyn Taylor, SBA Loan Administrator, via telephone at (770) 840-2610 or via email at CTaylor @heprivatebank.com. If there are any questions regarding SBA loan servicing and collection procedures and rules or PBTC's adherence to these, Mr. Robinson may contact Mr. Dana Relyea, SBA National Guaranty Purchase Center Deputy Director, at (703) 487-9281.

We appreciate your support of the SBA and the South Carolina small business community. If you and your staff have any questions, 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: Dana Relyea, SBA National Guaranty Purchase Center