



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

August 27, 2012

The Honorable Mark R. Warner
United States Senator
101 W. Main Street, Suite 4900
Norfolk, Virginia 23510

Dear Senator Warner:

Thank you for your recent inquiry on behalf of Mr. Richard Woodson regarding his concerns related to a U.S. Small Business Administration (SBA) 504 loan made to his business, Universal Janitorial Service and Supply, Inc. (UJS).

According to Agency loan records, on February 22, 2011, SBA approved a request for a SBA 504 loan in the amount of \$302,000 to UJS from Business Finance Group, Inc. (BFG), an Agency Certified Development Company (CDC). Under the Agency's rules, an SBA CDC is required to process, service, and if need be, liquidate its SBA guaranteed loans in a manner consistent with sound commercial lending practices. BFG is responsible for the servicing of this 504 Loan.

Based on Mr. Woodson's letter to you, he is questioning the processing and servicing actions taken by BFG. Specifically, he is concerned with a subordination agreement and a possible release of a piece of real estate taken as collateral. After reviewing the circumstances identified in Mr. Woodson's letter and consulting with the BFG, it appears that the CDC acted responsibly and in accordance with SBA policy and program requirements.

Also, according to Agency records, a subordination request from BFG was approved in May 2012. Additionally, a request for release of a secondary piece of collateral was approved on July 30, 2012. If Mr. Woodson has questions regarding SBA servicing rules and procedures, or BFG's adherence to these, he may contact Mr. Lance Sexton of the SBA Little Rock Commercial Loan Servicing Center (LRCLSC) at (501) 324-5871, extension 318.

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We appreciate your support of the SBA and the Virginia small business community. If you and your staff have further 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: Lance Sexton, SBA LRCLSC