

SBA Form 1979, Liquidation Plan Format

1. Justification for transfer to “liquidation” status: (e.g., Non-Payment, Bankruptcy [attach 341 Notice - Meeting of Creditors], Property Abandoned, 3rd Party Litigation/Foreclosure by Prior Lienholder, Business Closed, other)
2. Cause of business breakdown & workout attempts: Include comments on management assistance offered and/or given, and attach copy of the most recent field visit report or memo. SBA requires a site visit to the borrower’s business premises and the site of any other worthwhile collateral within 60 days of an unremedied default in payment, or as soon as possible if there are assets of significant value that could be removed or depleted. Whether or not a payment default exists, a site visit must be conducted within 15 days of any event which causes a loan to be placed into liquidation status.
3. Describe any “non-SBA” loans lender has with any borrower, guarantor or principal: if none, so state. If yes, please attach copies of loan documentation (e.g., Note, Security Agreement, UCC filings, Deed of Trust, Mortgage, etc.) and a proposal as to how you will allocate and share expenses and funds recovered.
4. List name, address, SSN and Tax ID# for all obligors and guarantors: Include copies of demand letters if sent, and whether life insurance is still in force if it was required.
5. Complete the attached Litigation Plan if court action is necessary and any of the following are present: (1) the litigation will be contested; (2) you have any non-SBA loans to the borrower, guarantors or principles; or (3) the litigation expenses are expected to exceed \$5,000.00.
6. General Recovery Plan: Briefly describe the proposed liquidation process and the estimated time. Discuss actions to be taken to dispose of all collateral (e.g., voluntary sale, abandonment, judicial or non-judicial foreclosure, public auction, compromise settlement, deed in lieu, etc.). It is important to comment on any potential environmental/toxic concerns, whether hazard insurance is in effect or if purchase of insurance is recommended, and if there are any significant items of collateral missing. If it appears the liquidation value of all collateral is insufficient to fully repay the loan, include discussion of what other options are considered feasible compared with the estimated costs to pursue (e.g., litigation against guarantors). SBA procedures require that business assets be liquidated first and compromise alternatives be explored, if feasible, prior to foreclosure against a personal residence.
7. See Following Page

7. Estimate of Liquidation Recovery: Fill in actual or estimated expenses as applicable:

	Real Estate	Real Estate	Personal Property	Other
Original Appraised Value				
Current Appraised Value				
Current Liquidation Value/Estimate				
Less senior liens/taxes:				
1 st (name):				
2 nd :				
3 rd :				
Estimated net value:				
Expense Category				
Real Estate Appraisal				
Personal Property Appraisal				
Environmental Reports (Phase I or II)				
Insurance Coverage				
Legal Fees				
Care & Preservation of Collateral				
Escrow/Commissions				
Storage/Pickup/Asset Marshaling				
Trustee Foreclosure (if applicable)				
Auction/Sale Expenses				
Other:				
Other:				
Projected Recovery After Expenses:				

Note: Attach copies of prior/current real and personal property appraisal summaries, copies of the field visit report/memo, and the executive summary of any environmental reports.