

FAQs

FREQUENTLY ASKED QUESTIONS ABOUT THE 504 DEBENTURE LOAN PROGRAM

1. On requests affecting collateral on a loan in liquidation status, can the CDC use the third party lender's (TPL) appraisal?

Per SOP 50 51 3, Chapter 2, page 20, when the SOP defines use of a Post default appraisal, the SOP does not contain language which prohibits the use of the TPL-obtained appraisal to make credit decisions on the RE collateral (for 504 loans in liquidation status); therefore, the CDC can use a current (within 120 days or no more than 1 year old) TPL appraisal to assist in making a credit determination on the RE collateral.

CDC to use their discretion, local real estate market expertise and prudent lending practices to determine if there is a conflict of interest with use of the TPL appraisal. If CDC suspects there may be a conflict of interest or question as to the appraisal value, the CDC should seek a 2nd opinion of value via a new appraisal or a broker's opinion (see specific guidance on appraisal standards in SOP 50 51 3, Chapter 2, page 20-21).

2. If my PCLP status is inactive, may I still use a Power of Attorney (POA) with my subordination or assumption servicing requests?

If your PCLP status is inactive, you may only use the POA on those loans which were approved as PCLP loans.

3. My loan is serviced at the Center. Sometimes I have general servicing questions that I would like to submit to the Center. Do you have an e-mail address that I can use for this purpose?

Yes. We are delighted to answer your questions. You can send your questions to fsc.servicing@sba.gov and you will receive a written response with 10 days. All answers are reviewed for accuracy by the Center's finance and legal professionals.

4. Where can I find assistance with putting my servicing requests together?

For those CDC actions requiring SBA approval, SBA has 504 Excel Worksheets on the most common servicing requests located at the following link:
<http://www.sba.gov/content/preparing-cdc504-servicing>.

5. What does it mean that a CDC may approve a servicing request under their delegated unilateral authority?

Depending on your CDC status, there are some servicing requests that the CDC may approve and send notification only to SBA. The Servicing and Liquidation Actions CDC Matrix will guide you as to what servicing requests require SBA approval. Also, whenever a request is approved under the CDC's unilateral delegated authority, the CDC must always documents their file accordingly to ensure that their credit decision to allow the request was reasonable, prudent, and complied with all loan program requirements.

FOR LOANS IN LIQUIDATION STATUS

6. What type of actions can be considered for a liquidation workout?

The Notice does not change in any way the workout provisions of SOP 50-51-3, Chapter 11. In that respect, CDCs have the whole gamut of servicing tools available to them for effective workouts.

7. How do I obtain reimbursement of liquidation expenses?

The Fresno Commercial Loan Servicing Center experiences a high volume of expense requests for reimbursement which are categorized into two types of expenses: Recoverable Expenses (typical liquidation related expenses) and Legal Expenses (involving use of an attorney for litigation). To assist in streamlining the process, the following instructions are provided as guidance to assist in getting CDC expenses paid in a timely manner:

Requests involving Recoverable Expenses:

- Only submit when the reimbursement request for the subject loan exceeds \$5000 or when the loan is submitted for wrap up.
- Submit your request electronically to fsc.504liquidations@sba.gov. Submit electronically for each loan – independently - to the mail box. If a request comes in with multiple loans referenced, SBA will not be able to process the request.
- For quickest review, your submission needs to include: 1.) Your contact information and tax ID number 2.) Borrower's name and loan number 3.) Summary of expenses 4.) Itemized invoice 5.) Supporting documentation and explanation for the reimbursement. For example, if you are requesting reimbursement for a field visit report, this report must be in SBA's possession and be acceptable in order to receive reimbursement.
- Fresno has designed a special spreadsheet which will assist with the structure of a submittal, which is available upon request.

Request involving ACL/PCLP legal fees:

- Reimbursement requests for the individual loan exceeding \$5000 may be submitted at any time. Requests for less than \$5,000 should be collected and submitted quarterly (i.e. with the quarterly report)
- Please remember to include a copy of the approved litigation plan that is required for non-routine litigation.
- Fee reimbursement requests are similar to other loan action requests, so please provide a narrative explanation/justification for the request together with the pertinent supporting litigation documents. This is particularly important for routine litigation since there normally isn't a litigation plan. (When submitting quarterly, this will usually be satisfied by remembering to include your quarterly report.) This way the reviewer knows the status of the litigation and will help smooth the path for a quicker turnaround!
- Please submit your request electronically to the SBA 504 Liquidation mailbox. That address is fsc.504liquidations@sba.gov
- Please be sure to submit a separate request for each loan. We can no longer accept "bundled" invoices for multiple loan accounts.

For your convenience, SBA has created an Excel spreadsheet to help facilitate and speed up processing of your reimbursement requests. Please contact the Center and we will send you this handy tool. If you have questions regarding the use of this file, or if you have any questions regarding this process, please don't hesitate to let us know..

8. How do I obtain a loan payoff once the loan is accelerated?

The payoff will need to be obtained directly from the SBA. Requests should be sent to fsc.504liquidations@sba.gov. It should be noted that it may take up to 30 days after the scheduled debenture purchase date before payoff figures become available.