



FAQs — Post Servicing Offer in Compromise

1. *How should we look at an Offer in Compromise?*

It is recommended that CDC and participant lender representative review the “OIC” package thoroughly before submission and share with SBA its final analysis and recommendation.

2. *Should we be considering an “Offer in Compromise” when the Operating Company is a going concern?*

It can be considered, however it would appear that the CDC should have placed the loan in an “intense workout” prior to accepting an OIC (SOP 50-51-3 Chapter 11) guarantors must understand that just because they no longer have the property the government expects repayment of the loan. These OIC should really be examined thoroughly when the business is operating.

3. *Are Credit Bureaus Necessary?*

Yes, on OIC’s the CDC’s should obtain current personal credit bureau for all guarantors/obligors that are submitting the request.

4. *Must the OIC Tab Packet be used or can the CDC simply use forms on hand?*

SBA has an OIC 8 Tab Packet for the 504 program that CDC lenders should be using when submitting an OIC offer. The use of the 8 tab OIC speeds the process. The Fresno Center is not currently rejecting requests received in other formats.

5. *What happens if the CDC can only get some of the guarantors to fill out the OIC?*

SBA will consider offers on one or all guarantors and will look at the offer based on the party’s financial condition and other factors per the SOP. It should be noted that any obligor or guarantor is responsible for the full amount owing, not a prorated amount based on their ownership or participation in the business operation.

6. *Can the CDC/Lender decline an OIC without SBA approval?*

In the event that an OIC has no merit (\$0 compromise, the parties have the ability to repay the debt, etc.) the CDC/Lender can deny the compromise without SBA’s consent.