Offer In Compromise (OIC) Tabs

Version Dated: 01/2015

In order for SBA to process your request for an Offer In Compromise, the following tabs must be completed. Please be sure to complete all information requested and provided the supporting documentation as noted. If any information is not provided, please provide a detailed explanation. Once your package is received it will be assigned to a loan specialist for review and consideration. If the loan specialist reviewing your case needs any additional information they will contact you directly. If you would like a status update please email the Center at loanresolution@sba.gov

When it appears likely that the borrower does not have the ability to pay in full the deficiency balance after liquidation of all worthwhile collateral, it may be appropriate to settle for less than the full amount due. The amount being offered must bear a reasonable relationship to the estimated net present value of the projected amount of recovery available through enforced collection. Therefore, when the liability of the borrower is clear and the SBA can collect fully without protracted litigation or large unrecoverable expenses, there is little basis to settle for less than what is owed. To process an Offer in Compromise, we must receive the following:

TAB 1	OIC Information Sheet
TAB 2	Obligors/Collateral Worksheet
TAB 3	Recovery Worksheet
TAB 4	Summary
TAB 5	Financial Analysis
TAB 6	SBA Required Documentation
TAB 7	Asset Valuations
TAB 8	Litigative Risks

Express and 504 Loan Packages should be forwarded to:
Fresno: fsc.504liquidations@sba.gov or fsc.servicing@sba.gov
Little Rock: lrsc.504liquidations@sba.gov or lrsc.servicing@sba.gov

7a Commercial Loans Packages should be forwarded to: loanresolution@sba.gov

Submit Electronically: Send This File
(Select Loan Resolution @sba.gov as recipient)
Fax: (202) 481-4674
Mail: U.S. Small Business Administration
Attn: OIC Department
1145 Herndon Parkway
Herndon, VA 20170

Information Sheet 1

Lender Name

Borrower Name

SBA Loan Number

Companion Loan

Date

Lender Contact Information:

Contact Name

Phone Number

Email

1. OFFEROR:

Ongoing Business Concern? Yes ☐ No ☐

Who is making offer? Indicate whether the offeror is the borrower, assumptor, limited or full guarantor, and explain the offeror's relationship to borrower and other guarantors or obligors.
Releases/Compromises without a monetary payment will generally not be accepted.

Offeror	Offeror Type

2. TYPE AND AMOUNT OF COMPROMISE:

a. **Cash $**

Term $ **payable at $** **monthly at a rate of**

for a term of months/years (Maximum 5 years)

b. **SOURCE OF FUNDS :**
List pertinent details on any assets being sold to raise the funds, and if the funds are being obtained through a loan, state what collateral is being offered for the loan:

Collateral Worksheet

	Collateral	Lien Position Per Loan Authorization	Current Lien Position	Remaining	Liquidated	Substituted	Abandoned
1				☐	☐	☐	☐
2				☐	☐	☐	☐
3				☐	☐	☐	☐
4				☐	☐	☐	☐
5				☐	☐	☐	☐
6				☐	☐	☐	☐
7				☐	☐	☐	☐
8				☐	☐	☐	☐
9				☐	☐	☐	☐
10				☐	☐	☐	☐
11				☐	☐	☐	☐
12				☐	☐	☐	☐
13				☐	☐	☐	☐
14				☐	☐	☐	☐
15				☐	☐	☐	☐
16				☐	☐	☐	☐

Guarantor Worksheet

	Guarantor Per Loan Authorization	Remaining	Released	Offeror	Bankrupt
1		☐	☐	☐	☐
2		☐	☐	☐	☐
3		☐	☐	☐	☐
4		☐	☐	☐	☐
5		☐	☐	☐	☐
6		☐	☐	☐	☐
7		☐	☐	☐	☐
8		☐	☐	☐	☐
9		☐	☐	☐	☐
10		☐	☐	☐	☐
11		☐	☐	☐	☐
12		☐	☐	☐	☐
13		☐	☐	☐	☐
14		☐	☐	☐	☐

Recovery Worksheet 3

Please summarize all recoveries received from sale of collateral that secured obligation using the spreadsheet below. You must include all supporting documentation (i.e. HUD 1 sheet(s), auctioneer's report, settlement statement(s), and purchase agreements).

	Date	Collateral	Amount Applied to Indebtedness
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

Total Recovery

1. Summarize major features of loan and reasons for problems.

2. Indicate extent of involvement of offeror in borrower's business.

3. Give offeror's current employment, present earnings, number of dependents, general health.

4. Explain any possible fraud or misrepresentation, including any apparent effort to place assets beyond the reach of lender/SBA and details/status of pending or previous OIG referral, if any.

5. Was offeror cooperative in achieving best possible recovery from business assets?

1. COMPREHENSIVE FINANCIAL ANALYSIS :

Provide your comprehensive evaluation of the offeror's financial situation for SBA to determine the appropriateness of the offer including a summary of your efforts to verify the ability to pay and available assets using credit reports, asset search reports, and last two years' tax returns. Your analysis should also address the current valuation/appraisal basis of any significant assets together with an explanation for the disposition of any significant assets which no longer appear on offeror's current financial statement. Assets now owned should be evaluated to determine the forced sale value of each major item together with the amount of prior liens, outstanding taxes, estimated costs of enforced collection, with net estimated recovery from all assets indicated.

* SBA must have full disclosure. The absence of full disclosure indicates lack of good faith on the part of the offeror, and therefore no basis for a compromise.

2. COMMENTS OF LENDER:

This section should fully justify your recommendation. Provide an objective analysis of the situation and an explanation of all pertinent factors. Comment on the extent of negotiations to reach the compromise offer.

3. RECOMMENDATION OF LENDER:

If approval is recommended state what other action will be needed to resolve remaining debt (e.g. other guarantors to pursue, assets which have not yet been accounted for, charge off).

Required

Please attach the following forms to this tab. Offers submitted in some other format are only acceptable if the document makes reference to 18 U.S. Code 1001 (false statements) in a fashion similar to that of the SBA Form 1150.

A. ☐ A copy of the SBA Loan Authorization.

☐ A current completed and signed SBA Form 1150

☐ A current completed and signed SBA Form 770 or equivalent must be used

☐ A copy of the original personal financial statements from origination, SBA Form 413

☐ A current completed and signed IRS Form 4506-T

B. ☐ ***Going Concerns***
Obligors must submit current interim and last year-end financial statements.

☐ ***Affiliates***
SBA requires submission of current business financial statements to verify income.

C. ☐ ***Income Tax Returns***
If the obligor has affiliates, please attach a copy of the last two years of tax returns from the obligor(s) wishing to be released as well as the business tax returns on all entities owned by the obligor(s) to this tab. If tax returns are unavailable, please provide a copy of a filed extension or other explanation.

D. ☐ ***Credit Reports***
Please attach a copy of a recent credit report for the guarantor(s) wishing to be released.

A Post-Default Appraisal is necessary to determine the Liquidation Value of real or personal property collateral.

Please provide a copy of a current independent third party valuation of any collateral that would be released as part of the proposed settlement offer. In addition, provide the Agency with current valuations of any property or assets the guarantor may own that may be attached or pursued.

	Collateral Type	Fair Market/Value	Amount	Date of Valuation	Equity
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Required

Please attach a detailed analysis of any factors that would prohibit the Agency or Lender from seeking any further recovery beyond the settlement amount proposed. The Agency is aware there are a number of factors that may prohibit our ability to collect fully from the guarantors, and we ask that those factors be addressed to fully support your recommendation.

Examples :

Litigation Expenses

Statue of Limitations

Bankruptcy Exemptions

Homestead Exemptions

Jointly Held Property

Tenants by the Entirety

Anti-Deficiency States

Redemption Rights

One Action Statues