Version Dated: 12/1/2015

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Charge-Off Tabs

Charge-off is an SBA administrative action whereby a loan is reclassified from "liquidation" to "charge-off" status and the outstanding balance of the loan is removed from the Agency's accounting records. It has no impact on an Obligor's liability for the loan balance. (SOP 50-57)

This Tab system was designed to help you assemble your final wrap-up report. In order for SBA to process and expedite your request for Charge Off, the following Charge-Off Tabs must be completed. Please be sure to complete all information requested and provide the appropriate supporting documentation as noted. If any information is not provided, please provide an explanation.

Once your Charge-Off package is received it will be assigned to a Loan Specialist for review. All Charge Off requests are assigned for review and consideration to a Loan Specialist in order of date received. If we are unable to process your request, you will be notified by the Loan Specialist or our Customer Service Department.

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Submit Electronically: Send This File
(Select 'sbachargeoff@sba.gov' as recipient)
Fax: (202) 292-3789

U.S. Small Business Administration
Attn: Charge-Off Department
1145 Herndon Parkway
Herndon, VA 20170

Borrower Name:

SBA Loan Number:

Companion Loans:

Has the guaranty been honored? Yes ☐ No ☐

If the loan was sold on the secondary market, has the Post Purchase Review been completed? Yes ☐ No ☐

Was this loan part of an FDIC Loss/Share Agreement? Yes ☐ No ☐

Lender Contact Information

Lender Name:

Contact Name:

Phone: Fax:

E-mail:

Address:

City: State: Zip Code:

Global Certification:

I, [Officer of the Bank, Title], hereby certify, represent and warrant on behalf of [Lender] that all information and documentation submitted to the U.S. Small Business Administration in connection with this final wrap-up report is accurate, genuine and complete and contains true copies of [Lender]'s records for this loan. I further certify that I have personally reviewed and confirmed, based upon [Lender]'s records, the copy of [Lender]'s Transcript of Account with respect to this loan provided herewith and that to the best of my knowledge and belief the information contained therein is true and accurate. I also certify to the best of my knowledge and belief that [Lender] has materially complied with the SBA Loan Program Requirements (as defined in 13 CFR 120.10) applicable to this loan.

By signing below, I represent and warrant that I have the proper authority to execute this document on **behalf** of [Lender]

Signature: _____ Date: _____

Is Charge-off Appropriate?

Charge-off is appropriate when:

- All reasonable efforts have been exhausted to achieve recovery from (1) voluntary payments on the Note, (2) compromise agreement with the Obligors; (3) liquidation of the collateral; and (4) enforced collections;
- The estimated cost of further collection efforts exceeds the anticipated recovery;
- The only remaining avenue of recovery is from Obligors who cannot be located or who are unable to pay the loan balance; or
- The loan balance is uncollectible due to discharge in bankruptcy (i.e., release of the debtor from any further personal liability for pre-bankruptcy debts), the expiration of the statute of limitations (i.e., the passing of the deadline for suing), or the existence of another defense available to the remaining Obligors under state or federal law.

Check Yes or No regarding the status of the subject loan.

	Yes	No
Pending Post Purchase Review?	☐	☐
Ongoing Liquidation and/or Litigation?	☐	☐
Open Bankruptcy with potential for further recovery?	☐	☐
Is there a possibility of further recovery?	☐	☐
Workout the Borrower is complying with?	☐	☐
Paid-in-Full Status?	☐	☐

If you answered **Yes** to any of the questions, this loan is **NOT** ready for charge-off. Do not submit this package until the loan is fully ready for charge-off. Until then, continue to submit **Semi-annual Reports (SAR)** until the loan is ready for charge-off or paid in full.

Charge-off Justification

Please attach a narrative detailing recovery and collection efforts, including reasons and justification for charge off action.

Site Visit Report

Please provide a copy of the post-default Site Visit Report or an explanation for why a site visit was not conducted.

Lender's Transcript

Please provide a current copy of the complete Lender's Transcript. If liquidation proceeds are listed on the transcript, complete Tab 4.

Please List the amount of Total Recoveries. ☐

Have all recoveries been applied/subtracted from current transcript? ☐ Yes ☐ No

Please list the amount of total unpaid expenses. ☐

Did the lender add any unpaid expenses to the current transcript? ☐ Yes ☐ No

Please make sure your transcript is signed and dated

Please summarize all recoveries using the spreadsheet below. You **must** include all supporting documentation (i.e. HUD1 sheet(s), auction report(s), settlement statement(s), bill(s) of sale, and/or copies of cancelled checks). An Offer in Compromise (OIC) is considered recovery and must be included. Provide supporting documentation for funds held in escrow listed on the HUD-1.

	Date	Collateral Sold	Net 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			

Total Recovery _____

Collateral Worksheet

	Description of Collateral	Lien Position Per Loan Authorization	Current Lien Position	Liquidated	Remaining	Abandoned*
1				☐	☐	☐
2				☐	☐	☐
3				☐	☐	☐
4				☐	☐	☐
5				☐	☐	☐
6				☐	☐	☐
7				☐	☐	☐
8				☐	☐	☐
9				☐	☐	☐
10				☐	☐	☐
11				☐	☐	☐

***If you checked "Abandoned", please complete Tab 6.**

Obligors Worksheet

	Guarantor Per Loan Authorization	Remaining	Released	Bankrupt	Limited	Deceased *
1		☐	☐	☐	☐	☐
2		☐	☐	☐	☐	☐
3		☐	☐	☐	☐	☐
4		☐	☐	☐	☐	☐
5		☐	☐	☐	☐	☐
6		☐	☐	☐	☐	☐
7		☐	☐	☐	☐	☐
8		☐	☐	☐	☐	☐
9		☐	☐	☐	☐	☐

*** If deceased, please provide a copy of the death certificate or printout of the verification from the Social Security Administration records:**
http://search.ancestry.com/search/db.aspx?dbid=3693

Abandonment of Collateral

Personal property collateral may be abandoned if the collateral has no significant Recoverable Value, i.e. the individual or aggregate Recoverable Value is $5,000 or less.

Real property collateral may be abandoned if the collateral has no significant Recoverable Value, i.e. a Recoverable Value of less than $10,000 per parcel. The decision and justification for abandoning collateral, including the basis for the Recoverable Value estimate, must be documented in the Loan File.

Abandonment of collateral requires a cost benefit analysis (post default appraisal, estimated moving and resale expenses, associated foreclosure and legal fees, etc.) that clearly supports and justifies that enforced collection of pledged real and or personal property would exceed potential recovery. (See SOP 50-57, Chapter 5 for requirements when property is contaminated).

Has any collateral been abandoned on this loan? ☐ Yes ☐ No

If **No**, proceed to Tab 7

If **Yes**, you must provide the justification used for such action along with supporting documentation. Examples of supporting documents are:

- **Post Default Appraisal**
- **Amounts owing to primary lien holders**
- **Environmental Reports (Summary pages of Phase I and Phase II)**
- **Summary detailing reasons for abandonment**

Lender Assignment

SBA is required to obtain an Assignment for all loans that are being referred to the Department of Treasury. Please use the following link to go to the required Assignment form that must be filled out, signed and notarized.
https://www.sba.gov/sites/default/files/files/SBA_Assignment_20160119_414pm.pdf

NOTE: Business Legal Entities: If legal entity is no longer operating, dissolved, and has not operated for more than two years, please provide SBA with documentation that obligor's business has been legally dissolved. Eligible active entities will be referred.

After Charge-off, if further collection is not barred by a valid legal defense such as compromise, discharge in bankruptcy, or statute of limitations, the loan and remaining Obligors must be referred to Treasury for further collection efforts (Debt Collection Improvement Act of 1996).

Name of Business:

	Name of each Business or Obligor	SSN/TIN	Current Address with Zip Code	Treasury Referral?		Reason Not to Refer
				Y	N	
1.				☐	☐	
2.				☐	☐	
3.				☐	☐	
4.				☐	☐	
5.				☐	☐	
6.				☐	☐	
7.				☐	☐	
8				☐	☐	

Reason Not to Refer: B-bankruptcy, D-deceased, L-limited, C-compromise, O-other

Upon receipt of notice of a bankruptcy filing or other litigation concerning an SBA loan referred to Treasury, the Person receiving the notice must immediately notify the SBA Treasury Offset Division in Birmingham, Alabama so that the loan can be recalled from Treasury and SBA legal counsel can take appropriate action in response to the litigation. The notice, which must include the Borrower's name and the SBA loan number, should be faxed or e-mailed to:

Supervisory Loan Specialist
Treasury Offset Division
Fax: 202-481-0592
E-mail: BirminghamTOPS@sba.gov

Note: Regardless of whether the loan was originally serviced by the Lender, after the loan has been referred to Treasury, all subsequent litigation is handled by SBA legal counsel(Chapter 3, Paragraph B, SOP 50-57).

Are there any outstanding expenses that have either been deducted from recovery and not yet reviewed, or not yet reimbursed?

If no, you have completed the Charge Off Tabs

If yes, please complete table below

Expenses Deducted to be Reviewed	
Expenses Not Yet Reimbursed	
TOTAL Outstanding Expenses	

Requests for pending unpaid or not yet reviewed expenses must be sent using the **CPC Tabs** and sent to SBA using Send This File. The **CPC Tabs** should be submitted at the same time as the Charge Off Tabs. Use the following link https://www.sba.gov/content/care-and-preservation-collateral-cpc-tabs to download the most recent version.

Per SOP 50 57, the following rules apply to the submission of Expense Reimbursements.

1. **When Requests May be Submitted**

   To prevent backlogs and expedite the SBA review process, requests for reimbursement or for approval of Recoverable Expenses deducted from recoveries may only be submitted at the following times:

   a. Submission of Loan Guaranty Purchase Request

   Requests for SBA reimbursement of Recoverable Expenses or approval of expenses paid for from recoveries may be submitted with the Lender's Purchase Package.

   b. Submission of Wrap-up Report

   All remaining requests for SBA reimbursement of Recoverable Expenses or approval of expenses paid for from recoveries should be submitted with the Lender's Wrap-up Report on the Loan.

NOTE: The lender must NOT use recovery proceeds to pay-off loans principal balance if there are unpaid expenses that the lender has yet to submit for review and approval.