



SBA Procedural Notice

TO: All SBA Employees

CONTROL NO.: 5000-1329

SUBJECT: Required use of E-Tran by all 7(a)
Lenders for Certain Unilateral
Servicing and Liquidation Actions

EFFECTIVE: 2/1/15

This Procedural Notice announces that SBA will soon begin requiring the use of E-Tran by all 7(a) lenders to notify SBA of certain unilateral servicing and liquidation actions. This applies to all 7(a) loans, whether they are classified in “approval,” “regular servicing,” or “liquidation” status, as those terms are defined in Standard Operating Procedure (SOP) 50 57, Chapter 1.

Currently, SOP 50 57, Chapter 3, Paragraph C.2 identifies those unilateral servicing and liquidation actions that require a lender to notify SBA of the action taken. The SOP reads as follows:

Lenders must notify the appropriate SBA Loan Center in writing or via e-Tran when they take substantive unilateral Loan Actions, such as those listed below. For specific information on how to notify SBA, see the most recent version of the 7(a) Lenders Servicing and Liquidation Matrix.

SBA’s SOP 50 10 5(G), Subpart B, Chapter 7 contains similar language concerning unilateral post-approval/pre-disbursement actions that require notice to SBA.

Beginning February 1, 2015 all 7(a) lenders will be required to notify SBA via E-Tran for the following unilateral actions:

- Cancel the SBA Guaranty*
- Extend the Maturity Date (prior to the stated maturity expiring)*
- Change the loan from revolving to non-revolving
- Change the Borrower’s name or address
- Assumption of the loan without release of an Obligor (adding a borrower)
- Adding a Guarantor to the loan
- Classify the loan in “liquidation” status

* For loans sold in the secondary market, prior written consent from the investor and/or Fiscal Transfer Agent is required for any action that alters the original loan repayment terms **before the lender approves the action and notifies SBA of the action using E-Tran.**

The 7(a) Lenders Servicing and Liquidation Matrix has been updated to reflect that lenders must notify SBA of the unilateral actions listed above using E-Tran. The latest matrix is available on SBA’s websites for the Fresno, Little Rock and Herndon centers accessible through www.sba.gov/content/find-sba-resource.

EXPIRES: 2/1/16

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

For those unilateral actions listed in SOP 50 57, Chapter 3, Paragraph C.2 and SOP 50 10 5(G), Subpart B, Chapter 7, that require notice to SBA but are not listed above, lenders may continue to notify SBA by contacting the appropriate SBA center in writing. As additional functionality is added to E-Tran, SBA intends to add to the list of unilateral servicing and liquidation actions where notice to SBA must be provided via E-Tran. SBA will revise the 7(a) Unilateral Servicing and Liquidation Matrix when the additional E-Tran functionality is available.

As of December 1, 2014, SBA's Commercial Loan Servicing Centers (CLSCs) in Fresno and Little Rock and the Herndon National Guaranty Purchase Center (NGPC) as well as the Loan Guaranty Processing Center (LGPC) will no longer be updating E-Tran on behalf of the lender.

Please note that, after entering the appropriate information into E-Tran, no further action is required. Lenders are not to send separate notification to the appropriate Center after updating E-Tran in connection with the unilateral changes listed above.

Due to the volume of submissions received by our Centers, lenders should refrain from notifying SBA of actions which are not listed in SOP 50 57, [Ch. 3, Para. C. 2](#); this information is not needed by the Center and will not be retained.

How do I know if an action may be approved under Unilateral Authority?

SBA's regulations at [13 CFR § 120.535](#) set forth the general standards for loan servicing, liquidation and debt collection litigation actions. With the exception of the actions specifically identified in [13 CFR § 120.536](#), SBA has delegated to all 7(a) lenders identical unilateral servicing authority. In addition, as noted above, SBA's SOP 50 57 provides guidance on 7(a) lenders' unilateral servicing authority.

Also as noted above, SBA has developed the [7\(a\) Lender Servicing and Liquidation Matrix](#) for both servicing and liquidation actions as a helpful guide for lenders to determine which actions they may take unilaterally.

How do I properly document an action approved under Unilateral Authority?

For all loan servicing and liquidation actions lenders must continue to document the justifications for their decisions and retain these and supporting documents in their loan files for future SBA review. Such documentation will be crucial to SBA's review of the lender's handling of a loan and to SBA's determination as to whether the lender's actions were prudent, commercially reasonable, and complied with all SBA Loan Program Requirements (as defined in 13 CFR 120.10). This same documentation and justification is also crucial to facilitate the comprehensive SBA review of purchase packages and liquidation wrap-up reports which Lenders must submit to SBA at the completion of liquidation.

Employees

Notice and Questions

SBA field offices must notify lenders of this Notice. For more information regarding E-Tran registration, usage, and training or with any questions regarding this Notice, lenders are encouraged to contact the lender relations specialist or other officials in their local SBA field office. A listing of local SBA field offices may be found at www.sba.gov/localresources.

Lenders experiencing problems with a specific transaction or receiving validation errors should contact the appropriate CLSC, the NGPC or the LGPC, using one of the following e-mail addresses: FLSC: Fsc.servicing@sba.gov, LRCLSC: Lrsc.servicing@sba.gov, NGPC: loanresolution@sba.gov, LGPC: 7aQuestions@sba.gov.

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