SBA Information Notice

TO:	All SBA Employees	**CONTROL NO.:**	5000 -1132
SUBJECT:	Servicing and Liquidation Authority of 7(a) Lenders	**EFFECTIVE:**	**11/23/2009**

As indicated in SBA Information Notice 5000-1110 dated June 25, 2009, SBA published regulations effective May 14, 2007 on liquidation and debt collection activities that amended 13 CFR Part 120 governing business loans. Section 120.536 of the regulations standardized across all 7(a) loan programs the servicing and liquidation actions that require prior SBA approval, and reminded lenders to maintain in their loan files supporting documentation for actions taken in connection with a loan not requiring prior SBA approval. This documentation is essential for SBA's review of the lender's handling of a loan if it is submitted for guaranty purchase and for SBA's determination as to whether the lender's actions were prudent, commercially reasonable (consistent with generally accepted commercial lending practices) and in accordance with loan program requirements.

SBA published on May 29, 2009 a matrix for 7(a) lenders that contains a list of servicing and liquidation actions that require SBA approval or notification. The purpose of this notice is to advise that an updated version of the matrix dated November 12, 2009 has been issued. Like the previous version, this matrix has been posted to the web sites of the National Guaranty Purchase Center, and the Fresno and Little Rock Commercial Loan Servicing Centers.

7(a) lenders are reminded that they should use their unilateral authority in order to expeditiously address the needs of small business concerns in these difficult economic times. This unilateral authority includes, among other things, deferments and loan restructuring where appropriate to keep a small business in operation.

It is important that lenders notify SBA with respect to the unilateral actions identified in the combined matrix that are identified as requiring SBA *notification*. Such notification is necessary to update SBA's loan database and to maintain accurate records for loans that will be sold in the secondary market.

For questions, please contact the Little Rock CLSC Director, Nique Carrington (501-324-5871, Ext. 281), the Fresno CLSC Director, Joel Stiner (559-487-5136, Ext. 215), the Herndon NGPC Director, Vanessa Piccioni (703-487-9293), or Walter Intlekofer at SBA Headquarters (202-205-7543).

Grady Hedgespeth
Director
Office of Financial Assistance

Expires: 11/1/2010

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

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