

Small Business Administration Loans Default Process

Repurchase of the loan by the originating lender

Sample Calendar

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| 1. The fiscal and transfer agent (“FTA”) will provide to each field office by the last business day of each month a list of loans which are in arrears (60 days past due). | December 30 |
| 2. Within five (5) business days of receipt of the list, the SBA field office will contact the lender to determine the status of the loan. | January 9 |
| 3. A loan requires action when: <ul style="list-style-type: none"> a) The interest paid to date is more than sixty (60) days in arrears. b) Borrower payment default of any installment of principal and interest that has continued uncured for more than sixty (60) days. | |
| 4. SBA will, in consultation with the lender, decide on an appropriate remedial action, or determine whether the lender will be offered the option to repurchase the guaranteed portion of the loan. This decision will be made by the SBA within ten (10) business days of the first contact with the lender. | January 24 |
| 5. The SBA will notify the FTA in writing of the action to be taken within five (5) business days of the decision. | January 31 |
| 6. Where the decision is for the lender to repurchase the loan, the FTA, at its option, may request a transcript of account from the lender. The lender must provide the transcript within ten (10) business days of receipt of the request from the FTA. | February 14 |
| 7. The FTA and the lender will reconcile the transcript of account within ten (10) business days of the receipt of the transcript by the FTA. If the FTA and the lender cannot agree on a balance and paid to date, the SBA field office will immediately determine the final numbers. | March 1 |
| 8. Within ten (10) business days of the reconciliation, the lender will transmit and the FTA will receive ten (10) business days advance written notice of the date of repurchase. | March 15 (Notify)
March 29 (Payoff) |

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