

# SBA 504 Central Servicing Agent

## Frequently Asked Questions

January 2020

### LOAN FUNDING

**Q: What method of payment can be accepted for a newly funded loan?**

A: ACH debit is the SBA 504 program requirement. Additional information can be found in the *Payment* section of SBA Form 1506.

**Q: How should we submit a third party lender fee?**

A: The third party lender fee will either be sent in the form of a check payment to the CSA, or withheld from the CDC processing fee if the CDC processing fee is greater than the required third party lender fee.

**Q: Is a voided check required to be sent with a borrower's Preauthorization ACH Debit form?**

A: No, a voided check is optional if the ACH form is filled out completely or a letter from the bank verifying the account information is included (CDC's are required to validate the information for accuracy and completeness). The ACH form must be signed and dated prior to submitting to the CSA. Please note that all ACH Forms must be uploaded and submitted on Electronic Lending – Servicing (ETLAN) prior to sending the funding documents to the CSA.

**Q: How do the Amortization and Prepayment Premium Schedules get distributed for newly funded loans?**

A: The Trustee (Bank of New York Mellon) provides the Debenture Amortization and Prepayment Premium Schedules via the 504 Debenture Analytics Dashboard, found on the Eagle Compliance, LLC website.

**Q: How can I verify that all loans that the CDC sent in for the upcoming funding date were received and set to fund?**

A: The status of the CDC's submitted loans can be reviewed on the Loan Funding Status Report, which is available on CDC Online under the "Funding" option. The loans that have been received will reflect a status of either "Set to Fund" or "Review in Progress". Please contact the CSA if a loan number is missing from the Loan Funding Status Report.

### PAYMENTS

#### ACH Account Changes/Updates

**Q: When are borrower ACH changes processed?**

A: ACH changes are processed by the CSA team beginning on the 3rd business day of each month (after the monthly debits are posted on the 2nd business day). ACH changes are processed up until the 5th to last business day of each month.

**Q: When should I submit an ACH change request?**

A: ACH changes should be submitted prior to the 15th calendar day of the month in order to be included in the Prenote process. ACH changes submitted after the Prenote, but before the 5th to last business day of the month will still be processed and effective for the upcoming debit, but will not have the benefit of the Prenote. ACH changes cannot be submitted for future months. For example, if a borrower would like the debit to be drawn from a new account in April, the ACH change submission must be sent in the month of March – ideally by March 15th.

**Q: How do I know when the ACH change will be effective?**

A: Upon approval by the CSA, the user who submitted the ACH change on ETRAN will receive an automated email response advising if the submission was approved or declined (along with the reason for the decline). As stated in this email, the new ACH debit account will always be effective for the 1st of the upcoming month.

**Q: How do I delete an ACH account so that the borrower does not get debited?**

A: ACH deletion requests should be emailed to the CSA in the month prior to the debit (same timeframe as ACH account changes). The email should include the loan number and borrower name.

**ACH Rejects**

**Q: Why is there no ACH Reject report available for my CDC?**

A: An ACH Reject report will generate if a loan within your portfolio has an ACH reject.

**Q: Why did my borrower get deleted off ACH?**

A: Certain ACH rejects cause an immediate deletion from the system (for example: No Account Number). Also, after a borrower has two ACH rejects that occur for any reason within a 6 month period, the system will automatically delete the ACH information.

**Q: Do I need to submit a new ACH form once the borrower's account information is deleted?**

A: Yes, a completed ACH form must be provided to the CSA by uploading and submitting it through Electronic Lending – Servicing (ETRAN). In addition, if the ACH reject was due to a reason: “Customer and/or Corporate customer advised – not authorized”, the borrower needs to provide the Wells Fargo fraud filter key (WFSBA504LN) to their bank to allow future debits to occur.

**Q: How should the borrower make up their ACH payment after it has been rejected?**

A: The borrower must send their monthly payment via wire or check. Please keep in mind the CSA does not debit borrowers more than once per month.

**Payment Processing**

**Q: When is the last day a borrower can send a payment before a late fee is assessed?**

A: The payment must be received by the 15<sup>th</sup> calendar day or the business day prior.

**Q: When will CDC Online reflect my payment via check?**

A: 1) Checks received at the Minneapolis lockbox by 12pm CST:

- Checks will be credited to the 504 program account by 5pm CST same day.
- The payment will be posted to the system the following business day.
- The payment will be reflected on CDC Online within two business days after the posting.

2) Checks received at the Minneapolis lockbox after 12pm CST:

- Checks will be credited to the 504 program account by 5pm CST on the next business day.
- The payment will be posted to the system the following business day.
- The payment will be reflected on CDC Online within two business days after the posting.

**Q: Are wires posted the same day as receipt?**

A: Wires are posted the next business day after receipt and are available to view on CDC Online 1-2 business days after the wire posting.

**Q: What information does the CDC need to provide to the CSA when researching a borrower's wire or check payment?**

A: For a wire payment, the CSA would need the SBA loan number, payment amount, date sent, and if possible a copy of the wire confirmation receipt. For a check payment, the CSA would need the SBA loan number, payment amount, date sent, copy of the tracking number (if sent via overnight mail), and if possible a copy of the check image including the front and back of the check.

**Q: What are the current methods of payments accepted?**

A: SBA's program requirement is ACH Debit. However, wires and checks are also an acceptable form of payment if necessary.

**Q: What additional information needs to be included with a borrower's Wire or Check payment?**

A: The borrower's 10 digit SBA loan number and SBA loan name.

**Q: Can a loan's outstanding balance be paid using unallocated funds?**

A: Outstanding balances can be paid by applying unallocated funds to the loan. The CDC needs to provide the CSA with an email to [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) regarding the adjustment request.

**CDC Fees/Late Fees**

**Q: When are CDC Fees paid?**

A: CDC fees are paid on the 2nd business day, every Friday and the last business day.

**Q: When is a late fee assessed?**

A: A late fee is assessed on the 16th day of the month, or next business day. The CDC will be able to view which loans had late fees assessed by pulling the Late Fees Assessed report on CDC Online under the "Other Reports" option.

**Q: What does the CDC need to do to request a late fee waiver?**

A: The CDC needs to provide the CSA with an email to [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) requesting a late fee waiver. CDC's can request a full or partial waiver of a late fee.

**Q: Can late fees be partially paid?**

A: Late fees must be paid in full. However, a partial waiver and late fee adjustment can be completed per the CDC's request, in order to partially pay a late fee.

**Q: When will CDC's receive the funds collected for late fees?**

A: On the 2<sup>nd</sup> Business day of the month, the CSA will initiate an ACH credit or mail a physical check for the late fees collected during the previous month. The CDC will be able to view which loans had late fees disbursed by pulling the Late Fees Disbursed report on CDC Online under the "Other Reports" option.

**Q: Can late fees be paid with unallocated funds?**

A: Yes, late fees can be paid by applying unallocated funds, but only when the loan is current. The CDC needs to provide the CSA with an email to [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) regarding the late fee adjustment.

**Q: How can I tell which loans in my portfolio have not made a payment before the 16<sup>th</sup> of the month?**

A: After the 6<sup>th</sup> calendar day or next business day, up until the 15<sup>th</sup>, the CDC can view the Late Report on CDC Online under the “Other Reports” option to determine which borrowers have not made a payment as of the 6<sup>th</sup> calendar day.

### **Deferments/Catch-up**

**Q: When is the last day a Deferment/Catch-up request can be submitted for the upcoming month?**

A: The CSA must receive deferment requests no later than the 20<sup>th</sup> calendar day of the month or the business day prior, to be effective for the upcoming month. CDCs are encouraged to include the catch-up plan with the deferment request.

**Q: When is the last day a signed catch-up plan can be submitted for the upcoming month?**

A: Signed Catch-up plans must be received no later than the 15<sup>th</sup> calendar day of the month, or the business day prior, to be effective for the upcoming month.

**Q: What is needed for a deferment request?**

A: All documents should be sent to [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) :

-SBA acknowledgement/approval email, if SBA Approval is required for the request. (Deferments 6 months or less cumulative over the life of the loan, may be granted unilaterally by CDC's. CDC's must obtain approval by the SBA Servicing Center for Deferments more than 6 months cumulative over the life of the loan, unless the CDC has PCLP designation. However the SBA Servicing Center must be notified in both cases by the CDC.)

- Completed 'CDC 504 Deferment and Catch-Up Form' found on the homepage of CDC Online

**Q: How do you place a borrower on ACH when they are starting their partial deferment/catch-up period in the following month?**

A: Please submit the request using the current ACH process on Electronic Lending – Servicing (ETRAN), no later than the 15<sup>th</sup> calendar day of the month or the business day prior. If the borrower is going on a full deferment the following month, do not submit an ACH request through Electronic Lending – Servicing (ETRAN).

**Q: The catch-up plan has ended and the loan is now current. Why is the total monthly payment amount greater than the monthly payment on the amortization schedule?**

A: Fees are recalculated at the five (5) year anniversary date based on the outstanding principal balance of the Note. If a borrower is not current (either due to a deferment, catch-up or ongoing delinquency) at the five (5) year anniversary date, the servicing fees must be recalculated based on the actual outstanding principal balance on that date. As a result, the borrower will pay higher fees for the next five year period compared to the original 504 Note Amortization Schedule.

**Q: What should the CDC do if the borrower misses their Catch-up payment, or falls off of Catch-up status?**

A: Send an email to the CSA at [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) to determine how to get the borrower back onto their catch-up plan.

**Q: What should the CDC do if the borrower completed their catch-up plan, and they have an outstanding balance?**

A: Send an email to the CSA at [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) to determine if a revised catch-up plan is needed.

## **MATURITIES, PREPAYMENTS AND ACCELERATIONS/REPURCHASES**

### **Loan Maturity**

**Q: When will I receive the loan maturity release letter?**

A: CDCs can request a release letter by sending an email to the CSA at: [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com).

**Q: Why does my borrower still have a small balance due on their loan at the time of Maturity?**

A: As long as the borrower has made all outstanding payments on their loan, this small balance (typically just a few dollars) is due to system rounding and the borrower will not need to pay that remaining amount.

### **Prepayments**

**Q: How do I know if my prepayment wire has been received?**

A: The CDC can confirm if the CSA has received the borrower's prepayment wire by going to Electronic Lending – Servicing (ETRAN) and selecting “Wire Dashboard” under Prepayment - Reports.

**Q: When will the loan status show as “Prepaid” on the CDC Online Loan Detail screen?**

A: The CDC Online Loan Detail screen will reflect 'Prepaid' status within 1-2 business days after the prepayment wire is posted. For loans that prepay within their semi-annual month, the status will become 'Prepaid' on the 21<sup>st</sup> calendar day of the month.

**Q: When does a loan need to be scheduled in order to prepay?**

A: A loan may be scheduled up to the 3rd Thursday of each month on Electronic Lending – Servicing (ETRAN).

**Q: What is the deadline for the CSA to receive prepayment wires?**

A: The CSA can receive prepayment wires from the 6th business day of the month until 5:00pm EST on the 3rd Thursday of the month.

**Q: Can a loan be prepaid via Check or ACH?**

A: Prepayments must be made by wire only.

**Q: When can I pull the prepayment actual?**

A: The actual is available on Electronic Lending – Servicing (ETRAN) starting on the 6th business day of the month until 5:00pm EST on the 3rd Thursday of the month.

**Q: Why am I unable to schedule a prepayment, or get an estimate?**

A: Prepayment data is unavailable the first 3 business days of every month.

**Q: When will the prepayment release letter be available?**

A: Release letters will be available on Electronic Lending – Servicing (ETRAN) within 48 hours of the CSA processing the prepayment wire.

**Q: What happens if I schedule a loan to prepay and the borrower doesn't send the wire?**

A: The loan will remain scheduled on Electronic Lending – Servicing (ETRAN). If the borrower requests to prepay in a future cycle, the CDC will need to update the scheduled prepayment date on Electronic Lending – Servicing (ETRAN).

**Q: How far in advance can I schedule a prepayment / get an estimate?**

A: 6 Months

### **Accelerations/Repurchases**

**Q: Why is there no information available when I click the debenture link in CDC Online?**

A: The SBA updates the loan detail in the debenture link typically within 30 days.

**Q: Where do I send a borrower's payment when a loan is accelerated/repurchased?**

A: Please contact your SBA Commercial Loan Service Center for assistance. Once a loan has been repurchased by the SBA, payments should no longer be sent to the CSA.

**Q: Why can't I see the borrower's accelerated/repurchased payment posted to CDC Online?**

A: Please contact your SBA Commercial Loan Service Center for assistance.

**Q: How do I obtain a 1098 or Annual Statement for an accelerated/repurchased loan?**

A: Please contact the SBA Commercial Loan Service Center for assistance.

### **Manual Check Request**

**Q: If I request a refund to be sent by check to a borrower, how long will it take for the check to arrive?**

A: The check will arrive within 7 to 10 business days from the time the request is processed.

**Q: Can the check be overnighted?**

A: The check cannot be sent overnight.

**Q: What information does the CDC need to provide to the CSA for a new manual check request?**

A: The SBA loan number, SBA loan name, Payee address, and the refund amount verified by the CDC needs to be emailed to the CSA at [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com).

**Q: How can I confirm if a check issued by the CSA is outstanding?**

A: The outstanding check(s) can be reviewed on the Check Request report, which is available on CDC Online under the "Other Reports" option.

## **FLOAT**

### **Q: What does the semi-annual Float payment consist of?**

A: During the first week of May and November, the CSA initiates the semi-annual float payments to the CDCs. There are three major components to the float payment. The first portion is the CDC's pro-rata share of interest earned on the monthly payments. The second portion is the CDC's pro-rata share of interest earned on loan prepayments, held until the semi-annual debenture date. The interest portions of the monthly payments and prepayments accumulates by holding funds in the CSA's Master Reserve Account (MRA) during the float period. The interest portions can vary from month to month based on how many active loans the CDC has compared to the entire 504 loan portfolio, the total dollar amount of the CDC's loans monthly payments compared to the total dollar amount of the entire 504 loan portfolio, and the length of time that the CSA holds the funds for the CDC's loans in the CSA's Master Reserve Account. The third portion of the payout is the difference between the note and debenture balance at the time of prepayment for any of the loans that prepaid and had a semiannual date that falls during the float period.

### **Q: Where can I find a breakdown of the Float payment?**

A: The CDC's Float Report is available on CDC Online under the "Other Reports" option within the Reports dropdown menu.

## **GENERAL QUESTIONS**

### **Address Changes**

#### **Q: When are address changes processed, is there a cut off time to send requests?**

A: There is no cut off time to send an address change. Address change requests received throughout the month are processed by month-end.

### **Secure Email**

#### **Q: What should I do if I cannot remember my secure email password or get locked out of my account when opening a secured email from the CSA?**

A: Please follow the on screen instructions to reset your password. More information can be found on <https://www.wellsfargo.com/help/secure-email>. If you continue to have issues, please email our customer service team at [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com)

### **CDC Contact Updates**

#### **Q: How can I submit a request to update the CDC contact information that the CSA has on file?**

A: When staffing changes occur at the CDC, please email the CSA at [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com) to update the CDC's contact information the CSA has on file for Main, Servicing and Funding points of contact.

### **CDC Online**

#### **Q: How can I get access to CDC Online?**

A: The CDC should contact SBA CLS team for further assistance at: [CLS@sba.gov](mailto:CLS@sba.gov)

#### **Q: Who do I contact to unlock my account?**

A: The CDC should contact SBA CLS team for further assistance at: [CLS@sba.gov](mailto:CLS@sba.gov)

**Q: What do the codes under “payment type” in the borrower loan detail history screen represent?**

A: “AR” stands for ACH Reject; “A” stands for ACH Payment; “C” stands for Check; “CC” stands for Systematic Bounced Check Adjustment; “W” stands for Wire; “X” stands for Adjustment.

**Q: How often is the loan detail history screen updated?**

A: The loan detail history screen is updated daily.

**Q: How often is the Status of Portfolio/Status of Portfolio-Non Current/Application of Funds report updated?**

A: These reports are updated on the 1<sup>st</sup> calendar day, or next business day, of each month.

**Q: Can I request a copy of a previous month ‘Status of Portfolio’ report?**

A: Previous copies are not available on CDC Online or with the CSA. The CDC must save copies of their monthly Status of Portfolio report before it gets updated.

**Q: How often is the 45 Day Delinquent report updated?**

A: The 45 Day Delinquent Report is updated on the last business day of each month.

**Q: How often is the 65 Day Default report updated?**

A: The 65 Day Default report is updated on the 20<sup>th</sup> calendar day, or next business day, of each month.

**Q: How often is the Payout Statement report updated?**

A: The Payout Statement report is updated on the 2<sup>nd</sup> BD, Every Friday and Last BD of the month as long as the borrowers made their payments and have been posted within the respective time periods.

**Q: How is the ACH Credit amount calculated within the Payout Statement?**

A: The ACH credit amount is calculated by taking the sum of the CDC Fee minus the sum of the CDC SBA Fee Withheld.