



# EAGLE COMPLIANCE, LLC

BUSINESS CONSULTING

CSA User Manual

Eagle Compliance, LLC

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# 1 Purpose

The Central Servicing Agent (CSA) User Manual is created and maintained by the Fiscal Agent designated by SBA under contract. The manual is designed to assist Certified Development Company (CDC) staff and Small Business Administration (SBA) staff with information that relates to the involvement and responsibilities of the Central Servicing Agent (CSA) for the 504 loan program.

The manual is not intended to be a complete instruction manual on how to close and service loans under the 504 loan program. For additional guidance regarding closing and servicing procedures, users should reference the applicable SOP's, as well as industry training materials provided by Development Company Finance (Eagle Compliance, LLC) and the National Association of Development Companies (NADCO).

Information in this manual will be updated on a periodic basis. For the most recent updates to the Code of Federal Regulations and SBA's Standard Operating Procedures, the following link can be used to access SBA's website.

[SBA's website](#)

Questions, comments, and suggestions regarding the information contained in this manual may be directed to Eagle Compliance, LLC.

For information regarding Eagle Compliance, LLC, please click the link below.

[About Eagle Compliance, LLC](#)

Acronyms/Definitions as used in this manual:

1. CSA - Central Servicing Agent
2. CDC - Certified Development Company
3. SBA - U.S. Small Business Administration
4. Designated Closing Counsel - an Attorney hired by a CDC to close 504 loans, who has been approved by SBA to perform closings
5. Eagle Compliance, LLC - current Fiscal Agent under contract with SBA

6. NADCO - National Association of Development Companies
7. COTR - Contracting Officer Technical Representative
8. SOP - Standard Operating Procedure
9. CFR - Code of Federal Regulations
10. SLPC - Sacramento Loan Processing Center
11. SBACLSC - SBA Commercial Loan Servicing Center (includes Fresno and Little Rock)
12. ALP CDC - a CDC with delegated authority under the Accredited Lender Program (as defined by SBA)
13. PCLP CDC - a CDC with delegated authority under the Premier Certified Lender Program (as defined by SBA)

## 2 Role of the CSA and Fiscal/Selling Agent

### 2.1 Central Servicing Agent(CSA)

The Central Servicing Agent (CSA) is appointed by SBA (through an awarded contract, as outlined in 13 CFR § 120.954) to serve as an agent for CDCs participating in the 504 loan program. The CSA performs payment collection, escrow, and paying agent functions for 504 loans, debentures, and pools.

Responsibilities of the CSA include:

1. Maintaining fund accounts for flow of funds;
2. Loan and debenture payment processing;
3. Collection and disbursement of fees, payments, and prepayments on loans and debentures;
4. Review and processing of sale (funding) documents;
5. Computation of the note rate and the loan amortization schedule;
6. Operation of the SBA's computer systems to properly account for and report all transactions (all software and technical data is the property of SBA, including new software and upgrades);
7. Providing customer service to CDCs and SBA on a timely basis;
8. Generating reports available to CDCs and SBA via CDC Online;
9. Communicating regularly with SBA, Eagle Compliance, LLC, NADCO, and the Trustee;
10. Attending NADCO and SBA events;
11. Tax reporting; and
12. Calculating catch-up plans for borrower deferments.

### 2.2 Fiscal Agent

The Fiscal Agent is contracted to provide technical and management expertise on behalf of SBA in activities related to the SBA 504 program. Per 13 CFR § 120.952, specifically, the Fiscal Agent is appointed to "assess the financial markets, minimize the cost of sales, arrange for the production of the Offering Circular, Debenture Certificates, and other required documents, and monitor the performance of the Trustee and the underwriters." Duties include:

1. In advance of each sale's Announcement Date, inform Treasury and SBA of market changes and funding estimates after receiving monthly loan data from the CSA;
2. On the Pricing Date, obtaining Treasury and SBA approval for the sale of the debentures and the offering of the certificates;

3. Participating in the settlement of each sale of the debentures, Debenture Guarantees, and Certificates (the closing certifications and cross-receipts that must be executed and distributed to Treasury, SBA, the CSA, and lead Underwriter);
4. Comparative evaluation of each month's sale that is reported in a monthly pricing memo to the COTR;
5. Monthly reporting on the constant prepayment rate and the constant default rate to SBA;
6. Semi-annual reporting to SBA of an Issuance Summary for the program;
7. Representation at 504 program-related meetings at the request of SBA;
8. Presentations to investors;
9. Offering assistance to SBA for selection and monitoring of the performance of the trustee;
10. Participation in monthly conference call between Trustee and SBA;
11. Participation in bi-monthly conference call between Trustee and CSA; and
12. Periodic update of the CSA manual in cooperation with SBA, CSA, and NADCO User Committee.

## 2.3 Selling Agent

The contractor appointed as the Fiscal Agent also serves as the Selling Agent. Per 13 CFR § 120.951, the Selling Agent is appointed by the CDCs, with SBA approval, to "select underwriters, negotiate the terms and conditions of Debenture offerings with the underwriters, and direct and coordinate Debenture sales."

Responsibilities include:



1. Handling CDC and bank inquiries on the funding process and other market-related issues;
2. Attending the CDC annual meeting;
3. Distributing, after SBA, approval of the annual debenture funding schedule to the industry;
4. Producing of a weekly commentary that is posted on <https://www.eaglecompliance504.com/> under the heading of Weekly Commentary & Additional Information;
5. Monitoring of the underwriters' performance and selection of an accounting firm to provide a comfort letter for the Offering Circular; validation of the amortization schedules and weighted average life of the Certificates;
6. Evaluating the merits of outside firms seeking to participate in the funding process;
7. Coordinating of the sale, funding process, and closing, to assure funding of each month's loans;
8. Negotiating of the debenture interest rate, which determines the borrower's note rate;
9. Monitoring the financial markets for changes affecting interest rates and securitization trends; and
10. The Fiscal and Selling Agent engages a Program Advisor, whose responsibility is to perform project planning in coordination with the fiscal and selling agent's staff.

## 2.4 Trustee

The Trustee is appointed by SBA, as per 13 CFR § 120.953, to provide custodial, issuing, and trust services on behalf of the SBA. The trustee serves as issuing agent, document custodian, calculation agent, paying agent, and information agent. Responsibilities include:

1. Entering monthly funding information into a mainframe system;
2. Providing prepayment, acceleration, and amortization schedules to the CSA;
3. Generating program reports as required by SBA;
4. Mailing the debentures to the CDCs;
5. Retaining the original debentures and certificates;
6. Paying the semi-annual interest and principal to debenture holders; and
7. Meeting with the CSA and the Fiscal Agent as needed.

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### 3 Contact Information

Contact information for the parties involved in the 504 closing, funding, and servicing process is referenced below.

Table 3.1 CSA Contact Information

CSA	Contact
CSA Contractor	Guidehouse, Inc. (Subcontractor: Wells Fargo, Corporate Trust Services)
Mailing Address	Attn: 504 Central Servicing Agent, 9062 Old Annapolis Road, Columbia, MD 21045-1951
Overnight Delivery	Lockbox Services 6441, 1801 Parkview Drive, 1st Floor, Shoreview, MN 55126
Mailed Checks (Lock-Box)	NW 6441, P.O. Box 1450, Minneapolis, MN 55485-6441
Toll Free Phone	855-572-1637 (Option 4)
Email	Servicing Inbox: <a href="mailto:sba504csa@wellsfargo.com">sba504csa@wellsfargo.com</a> Funding Inbox: <a href="mailto:sba504csafunding@wellsfargo.com">sba504csafunding@wellsfargo.com</a>
Fax Number	866-707-2390
Website	<a href="https://caweb.sba.gov/cls/dsp_login.cfm">https://caweb.sba.gov/cls/dsp_login.cfm</a>

Table 3.2 Fiscal Agent/Eagle Compliance Contact Information

	Contact
Fiscal Agent	Eagle Compliance, LLC
Mailing Address	1725 DeSales Street NW, Suite 613, Washington, D.C. 20036
Telephone Number	202-349-0069
Email	<a href="mailto:fxk@eaglecompliance504.com">fxk@eaglecompliance504.com</a> <a href="mailto:svo@eaglecompliance504.com">svo@eaglecompliance504.com</a> <a href="mailto:dripley@dcfillc.com">dripley@dcfillc.com</a>
Contact	Rates, Pricing, Issuance: Frank Keane 980-299-0193 General Inquiries: Denise Ripley 202-349-0069
Eagle Compliance Website	<a href="http://www.eaglecompliance504.com">www.eaglecompliance504.com</a>

Table 3.3 SBA Contact Information

Fresno Servicing Center	<a href="#">SBA Fresno Servicing Center</a>
Little Rock Servicing Center	<a href="#">SBA Little Rock Servicing Center</a>

**CARES Act**

On 3/27/2020 the CARES Act was enacted to provide emergency economic relief across the economy, including relief to small businesses. Under section 1112 of the CARES Act, SBA will provide debt relief to borrowers in the 504 loan program.

Per the Information Notices provided by SBA, SBA will pay the principal, interest, and monthly fees that 504 Borrowers owe for a 6-month period. All loans in “regular servicing status” are eligible to receive the CARES Act payments.

CDC’s can utilize the “Loan Detail” report on CDC Online to see all CARES Act payments that are posted and the application of servicing fees, principal, and interest for each CARES act payment.

# 4 504 Loan Closing

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
2	Updated SOP Citation and Links to Revised Sample Forms	10/1/2018
2	Updated Information Regarding Access to Schedules and Reports	10/4/2019

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

### A. CDC:

1. Comprehensive responsibilities of the CDC for closing the 504 loan and debenture can be found in SOP 50 10 6, Part 2, Section C, Chapter 2. The CDC is responsible for working within the requirements of the respective District Counsel in delivering the closing files to the SBA for review prior to funding.
2. Responsibilities that relate to CDCs' communication with the CSA include the following:
  - a. After SBA sends the CDC notice of which debentures SBA has approved for sale, the CDC must send to the CSA by overnight delivery the following debenture closing documents for each debenture to be sold:
    1. Servicing Agent Agreement (SBA Form 1506) (original);
    2. Development Company 504 Debenture (SBA Form 1504) (original);
    3. Note (CDC/504 Loans) (SBA Form 1505) (copy);
    4. Authorization Agreement for Preauthorized Payment (Debit), fully completed and signed (a voided check is preferred but not required) (original or copy);
    5. Request for Taxpayer ID Number and Certification (IRS Form W-9) (copy);
    6. Third Party Lender participation fee check (if not being deducted from the CDC processing fee) (original); and
    7. Copy of the email from the SBA district counsel approving the loan for inclusion in the current debenture sale.

### B. SBA District Counsel:

1. Reviews closing package received from the CDC; and
  2. Provides notice via e-mail to the CSA and the CDC upon approval of the closing package, authorizing the funding of the 504 loan for the upcoming debenture sale.
- C. CSA:
1. Reviews debenture closing documents and notifies the CDC of any changes that need to be made or additional information to be provided before the debenture sale can occur.
  2. Generates conformed copies of the Note and Servicing Agent Agreement to include the note rate and payment amounts.
  3. Executes the Servicing Agent Agreement.
  4. Provides the following documents on CDC Online for download by the CDC:
    - a. The conformed copy of the Note,
    - b. The Note amortization schedule, and
    - c. The funding statements.
- D. Trustee: Provides copies of the Debenture to the CDC, CSA, or SBA, as directed. The debenture amortization and prepayment schedules will be available on the Trustee's Debenture Analytics website for CDCs to view.

3. Process Overview:

- A. The CDC's timing in the steps outlined below should be based on deadlines established by SBA, the CSA, and Eagle Compliance, LLC. The current funding schedule can be obtained here: [Funding Schedule](#)
1. The CDC and/or Designated Closing Counsel closes the 504 loan in time to meet a specific debenture funding date. At the time of closing, the project must be complete (except funds put into a construction escrow account to complete a minor portion of the project as specified in SOP 50 10), and any final changes to the Authorization for Debenture Guarantee must be approved by SLPC. The most recently issued version of SOP 50 10 governs the closing requirements.
  2. The CDC and/or Designated Closing Counsel sends its closing package to the SBA District Counsel. All documentation required to satisfy the terms of the Authorization must be in place. Each SBA District Counsel sets deadlines for submission of Regular and Expedited Closing Packages. The deadline varies by office, but is typically 35-45 days prior to the Funding Date.
  3. The SBA District Counsel reviews the closing package and notifies the CSA and CDC via e-mail that the 504 loan is approved for debenture funding.
  4. The CDC and/or Designated Closing Counsel forwards the documents identified in Section 2 (2) (a), along with a copy of the District Counsel's clearance email to the CSA prior to the cut-off date specified in the annual funding calendar issued by Eagle Compliance, LLC.
  5. Upon receipt, the CSA will review the loan package for accuracy and completeness.

6. If any information is missing or erroneous, the CSA will send an email to the designated CDC funding contact requesting correction or additional information. The information must be corrected and returned to the CSA prior to the date referenced in the email from the CSA.
  7. Following the review of all the loans submitted by the CDC, the CSA will send an email to the designated CDC funding contact requesting verification of the Loan Number, Debenture Amount, Third Party Lender Principal, Amount to Withhold, Net Debenture Proceeds, Closing Costs, and CDC Processing Fees. The CDC can review the "Loan Funding Status" report on CDC Online throughout the funding cycle to determine whether a loan is currently under CSA review or complete and ready to fund.
  8. The CDC should send an email reply to the CSA confirming the accuracy of the loans.
  9. After the cut-off date, the CDC and SBA can pull a loan from the funding pool by the close of business Monday prior to the Pricing Date.
  10. Information regarding the funding process is provided in detail in the next chapter.
  11. The CSA publishes and maintains a Funding Quick Reference Guide, which CDC's may use as a supplemental tool when compiling packages. [Click here to access the Funding Quick Reference Guide](#)
4. CSA Requirements for Documents Submitted for Closing:
- A. Servicing Agent Agreement (SAA) (Form 1506)  
[Click here for a sample form with instructions for completion.](#)
  1. Common Errors:

- a. Incorrect or missing Note or Debenture Dates on page 3 (The CDC must ensure the dates match the respective documents);
- b. Miscalculated Underwriter Fee (The CDC must ensure they are using the correct calculation for the loan term: .4%-20 year and 25 year, .375%-10 year);
- c. Incorrect or missing wiring instructions on page 4 (The CDC should note that the Beneficiary Loan Number is required by larger lending institutions, including but not limited to: JP Morgan Chase, Wells Fargo, Citibank, Bank of America, Bank of the West, Regions Bank, SunTrust, and Zions Bank);
- d. Incorrect or missing amounts in the Disbursement Authorization on page 4 (The CDC must ensure the disbursement amounts total correctly and match the Authorization);
- e. Incorrect servicing or ongoing guaranty fees on page 5 (The CDC must ensure the fee amounts match the amounts required per the fee chart published by the fiscal agent [Fee Chart](#));
- f. Net debenture proceeds on page 2 do not match debenture proceeds on page 4 (The CDC must ensure the debenture proceeds match);
- g. Mailing address does not match the project property address. (The CDC must ensure the addresses match);
- h. Loan amount on page 3 does not match the loan amount in the Disbursement Authorization section on page 3 (sometimes page 4). (The CDC must ensure the amounts match);
- i. Date of signature on page 6 is not on or after the note date. (The CDC must ensure the signature is not dated prior to the note date); and
- j. Missing original signatures on page 6. (The CDC must ensure every line that displays a name has a signature).

B. Debenture (SBA Form 1504)

[Click here for a sample of a debenture form with instructions for completion.](#)

1. Common Errors:



- a. Debenture principal does not match the Servicing Agent Agreement (SAA);
- b. SBA Loan number is incorrect;
- c. Debenture date is incorrect;
- d. Issuance Date does not match Funding Date;
- e. Incorrect Maturity Date;
- f. Principal amount of loan written in numbers does not match principal amount written in words;
- g. Number of consecutive payments is incorrect;
- h. Loan number does not match SAA and 504 Note;
- i. Small Business Project Name does not match SAA and 504 Note; and
- j. Missing original signatures on page 6 and on every line that displays a name.

C. Note (SBA Form 1505)

[Click here for a sample Note form with instructions for completion.](#)

1. Common Errors:

- a. Incorrect Note Date;
- b. Issuance Date does not match Funding Date;
- c. Incorrect First Payment Date;
- d. Incorrect Maturity Date;
- e. Principal amount of loan written in numbers does not match principal amount written in words;
- f. Loan number does not match Servicing Agent Agreement and 504 Note;
- g. Incorrect or missing Borrower Name, SBA Loan Number, CDC Name, CDC Number;
- h. Missing signatures on page 5; and
- i. Incorrect or missing signature date.

D. Authorization Agreement for ACH Debit

[Click here to view a blank copy of the ACH Authorization form.](#)

1. Common Errors:

- a. Missing account or routing number;
- b. Box "Periodically" is not checked;
- c. Missing signature;
- d. Information on the voided check and/or the ACH form does not match ETRAN;
- e. Missing or incorrect account specification; and
- f. Incorrect or missing CDC Number, SBA Loan Number, Borrower Name, Statement Name.

E. IRS W-9 Form

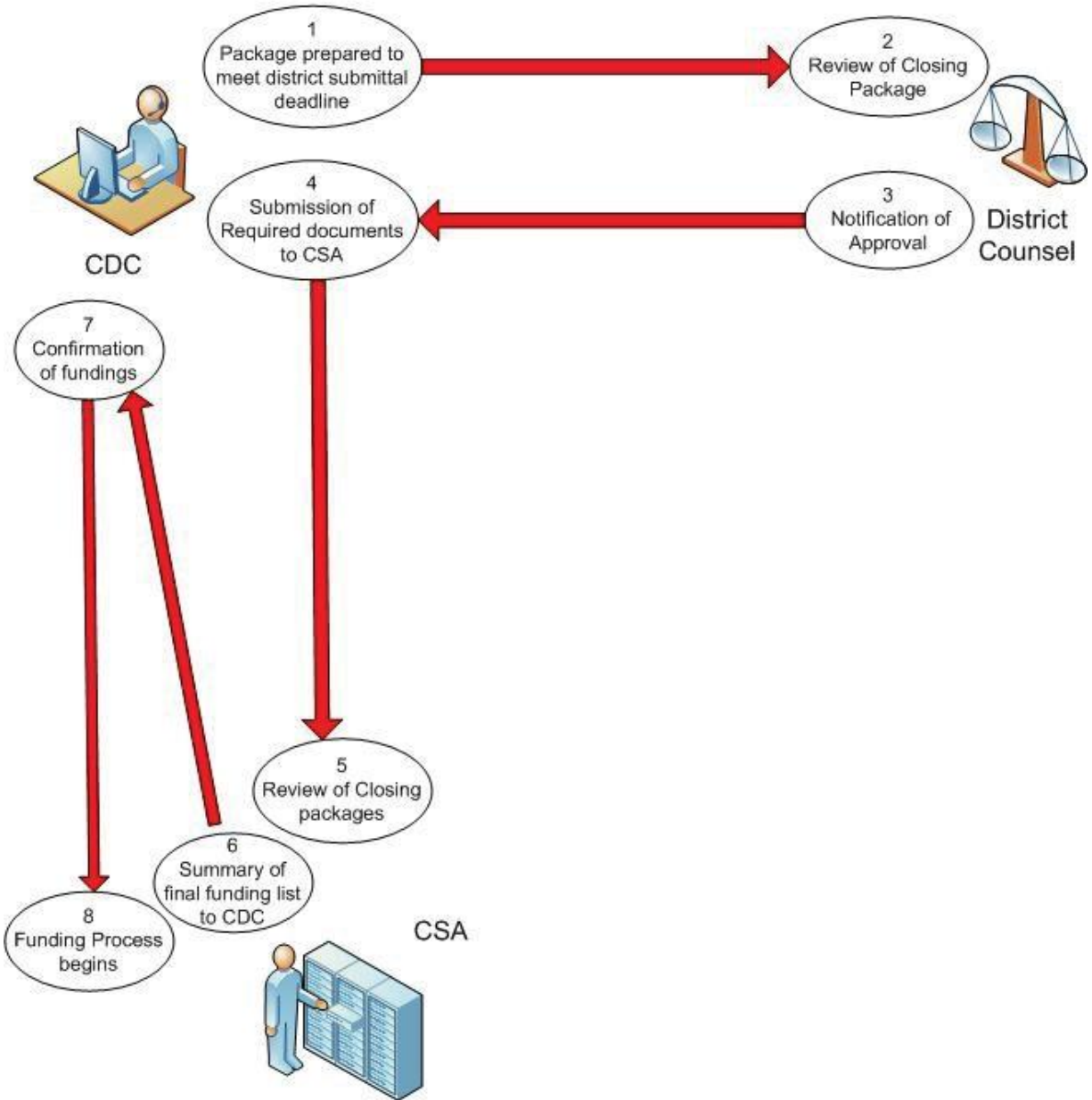
[Click here to view a blank copy of the IRS W-9 Form.](#)

1. Common Errors:

- a. Missing EIN or SSN Numbers (CDCs should note that if the SAA lists the borrower name as an LLC, then the W-9 must have an EIN documented, unless the LLC has a single member and is using the member's social security number for tax reporting purposes. The CDC must note this exception on the W-9. If the SAA lists the borrower name as an individual, then the W-9 must have an SSN documented.);
- b. Multiple W-9's submitted (CDCs should note that only one W-9 can be used by the CSA for tax reporting);
- c. Name on W-9 does not match the Borrower Name on the Servicing Agent Agreement;
- d. Incorrect address;
- e. Incorrect loan number entered on line 7 of the W-9 Form;
- f. Incorrect or missing Federal Tax Classification; and
- g. Missing signature or date.

5. Closing Process Flowchart

**CLOSING PROCESS OVERVIEW**



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# 5 504 Loan Funding Overview

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
4& 6	Updated Link to Sample Form and Reference to 25-year Debenture	10/1/2018
5	Updated Information Regarding Access to Debenture Amortization and Debenture Prepayment Premium Schedules	12/30/2020

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

### A. CDC

1. The CDC and/or Designated Closing Counsel is responsible for meeting all funding deadlines for submitting and withdrawing loans from the funding pool; and
2. The CDC signs the Debenture and assigns the 504 note and other collateral to the SBA.

### B. SBA

1. SBA's District Counsel is responsible for providing the approval for the 504 loan based on the review of the closing documentation;
2. SBA provides a guarantee of payment of principal and interest on the debenture; and
3. SBA ensures the timely distribution of principal and interest to the holders of the participation certificates.

### C. Fiscal Agent

1. The Fiscal Agent is responsible for negotiating the rate of interest in the monthly sales of 504 debentures with the underwriters;
2. The Fiscal Agent obtains the approval for the terms and timing of the sales from SBA and the U.S. Treasury;
3. The Fiscal Agent approves the production of the Offering Circulars and participates as a principal, where participation certificates are exchanged for the funds that flow to the borrower; and
4. The Fiscal Agent reports the funding results to the CDCs.

### D. Underwriters

1. The underwriters purchase the debentures, aggregate the debentures into a pool and simultaneously exchange them for participation certificates.

### E. Trustee and Issuing Agent

1. The Trustee serves in a fiduciary capacity for the 504 debenture program and holds legal title to the debentures and other assets constituting the asset pool;
2. The Trustee is responsible for ensuring timely payment of the principal and interest to the participation certificate holders;
3. The Trustee is responsible for calculating and disbursing the semi-annual debenture payments, including amortized principal and interest, any prepayment principal and applicable prepayment premium, and any accelerated principal; and
4. The Trustee, as Issuing Agent, is responsible for the issuance/cancellation of the Development Company Participation Certificates (DCPCs) and maintaining records of registered DCPC investors.

F. Underwriter Legal Counsel and SBA General Counsel

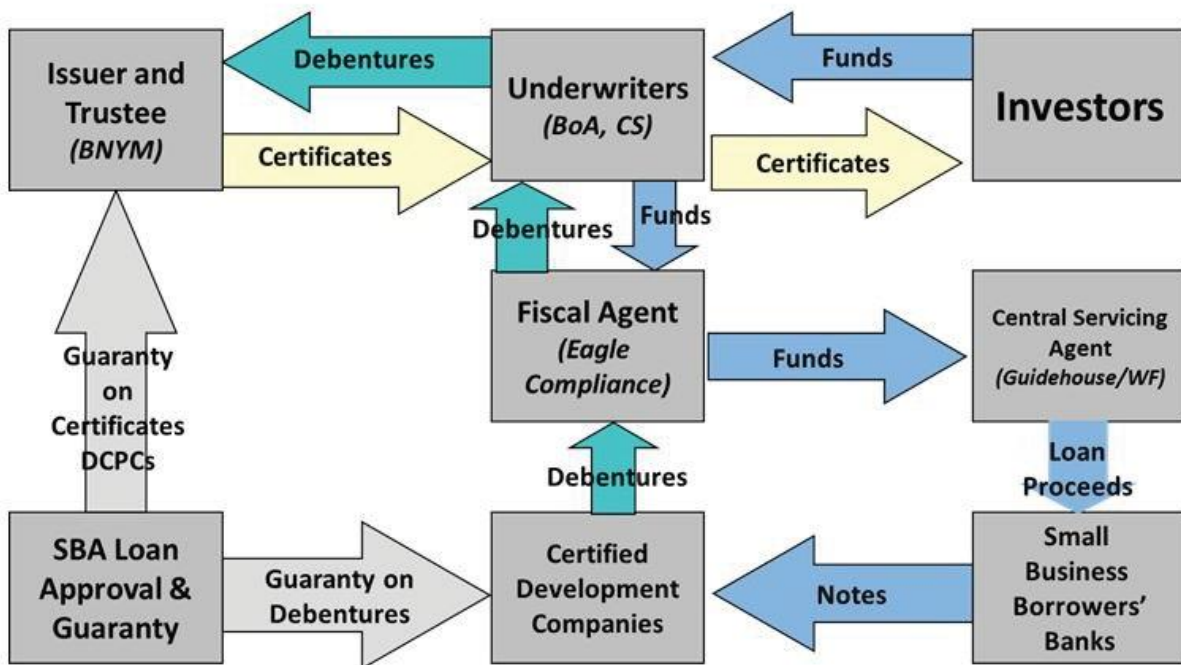
1. The respective legal counsels provide opinions as to the legality of the sale and the issuance of the DCPCs.

G. CSA

1. The CSA is responsible for reviewing the documents required for funding;
2. The CSA is responsible for providing a list of debentures to be funded and forwarding the debentures to the Trustee; and
3. Following funding, the CSA is responsible for disbursing the proceeds, completing certain documents, preparing the amortization schedules for the 504 notes, and providing related documentation to the SBA and the CDC.

### 3. Process Overview

#### From Borrowers to Investors: The Process



### 4. Dates in the Funding Cycle

- A. 504 Debtentures are sold and proceeds disbursed on the Wednesday following the second Sunday of each month. 20-Year and 25-Year debtentures are offered every month. 10-year debtentures are offered every other month in odd-numbered months.
- B. Pricing of the debtentures occurs on the Thursday of the first full week of the month, starting with Sunday.
- C. The deadlines applicable to each funding date can be accessed via Eagle Compliance, LLC's website by selecting "Funding Calendar" under the "Funding" tab or by clicking the following link: [Access to Funding Calendar](#). CDCs should make special note of the deadline to pull a loan from the funding pool (9 days prior to the Funding Date).
- D. The funding calendar issued each year by the Fiscal Agent can be accessed by clicking the following link: [Funding Calendar](#)
- E. The table below shows general funding deadlines for each funding cycle.

Table 5.1 Funding Deadlines

NUMBER OF DAYS PRIOR TO FUNDING DATE	EVENT
35-45 Days Prior	Submission by the CDC and/or Designated Closing Counsel to the SBA District office (timing varies by office)
20-22 Days Prior	Submission by the CDC and/or Designated Closing Counsel to the CSA
9 Days Prior*	Last date for the CDC to pull a loan from funding
8 Days Prior	Announcement Date Debenture Pricing
6 Days Prior	Debenture Pricing
Funding Date	Net Proceeds wired
1 Day Following Funding	Balance of fees disbursed by CSA
1 Day Following Funding	Conformed copies available to CDCs via CDC Online

\*Except for September. 12 Day Period for this month.

5. Documents Completed and Provided through the Funding Process

A. Conformed copies of the Debenture

1. One (1) "conformed" copy of the Debenture is sent by the Trustee to the CDC approximately 2 weeks after the funding date. The Trustee maintains the original Debenture.
2. A sample Debenture form with instructions for completion can be found in the following link: [Click here for Sample Debenture.](#)

B. Conformed copies of the Note

1. The CSA sends one conformed copy of the 504 Note to the SBA Servicing Center.
2. The CDC may access a conformed copy via CDC Online. One copy of the conformed note should be sent from the CDC to the borrower.
3. The SBA Commercial Loan Servicing Centers retain the original 504 Note.

C. Debenture Amortization Schedule

1. The Trustee provides one (1) "conformed" copy of the Debenture Amortization Schedule on the Trustee's Debenture Analytics website for CDCs to view.

D. Debenture Prepayment Premium Schedule

1. The Trustee provides one (1) copy of the Debenture Prepayment Premium Schedule on the Trustee's Debenture Analytics website for CDCs to view.

E. Note Amortization Schedule



1. The CSA sends one (1) copy of the Note Amortization schedule to the SBA Servicing Center.
2. The CDC may access a conformed copy via CDC Online. The CDC is responsible for sending a copy to the borrower.
3. Key information about the note amortization schedule:
  - a. Interest on 504 loans is calculated based on a 30/360 day basis, paid in arrears (interest is applied from the preceding month);
  - b. Monthly payments made by the borrower remain the same for five-year periods, at which time the fees are adjusted based on the outstanding principal balance of the Note at each subsequent 5-year anniversary date; and
  - c. Interest applied in the first month is accrued based on the period between the debenture funding date and the 30th of the month. Therefore the first payment will show a higher application to principal.

F. The CSA retains the original Servicing Agent Agreement.

#### 6. Information about Pricing and Rates

- A. The pricing of the debenture begins with a "benchmark", which is the rate on a publicly traded security which can be used as a comparison. Most commonly the 10-Year Treasury Rate is used as a benchmark for the 20-year and 25-year 504 debenture rates. The 5-year Treasury Rate is typically the basis of the 10-year debenture rate. This process is initiated by the Fiscal Agent and also involves interest rate Swaps.
- B. The "spread over Treasury" refers to the number of basis points over the Treasury rate at which the debenture is priced. The spread is negotiated between the Fiscal Agent and the Underwriters and is impacted by market factors, historical 504 loan performance in voluntary prepayments and accelerations, and the volume of the offering.
- C. The Debenture Interest Rate is the investor's rate of return on the purchase of the Development Company Participation Certificates (DCPCs). The CDC's semi-annual obligation on the debenture is calculated from the Debenture Interest rate. The rate is fixed for the life of the loan. The rate is found on the completed Debenture, the Debenture Prepayment Schedule and the Debenture Amortization Schedule.
- D. The Note Rate is the rate the borrower pays on the 504 Note prior to the addition of fees. The Note rate is calculated by the CSA and is the result of reconciling the semi-annual debenture payments and the monthly Note payments. The Note rate is fixed for the life of the loan.
- E. The Effective Interest Rate is the rate the borrower pays when ongoing fees are included in the monthly payment of principal and interest. The rate is calculated monthly by solving for the interest rate required to generate the total of the interest and fees. A weighted-average is then calculated from the monthly effective rates within each 5-year period of the note.
- F. The overall effective interest rate is the weighted average of all monthly effective rates and is provided by the CSA to the Fiscal Agent for each month's sale.

1. Fees are calculated on the outstanding principal balance of the 504 Note. The fees for the first five (5) years are calculated on the gross debenture amount. If the borrower is current at each 5-year anniversary date of the loan, the borrower's monthly payments will follow the 504 Note Amortization Schedule. If the borrower is NOT current at the 5-year note anniversary date, the monthly payments for the next 5 years will be higher than what is shown on the amortization schedule.
  2. The effective interest rate will depend on the fees in place at the time the loan was approved. Statutory fees added into the payment include:
    - a. CDC Fee - the minimum CDC fee is 0.625%, 0.125% of which is paid to SBA for approvals on or after October 1, 1996. The regulatory ceiling for CDC Fees is 2%. However, fees may not exceed 1.5% in a rural area or 1% in a non-rural area unless approved in writing by SBA.
    - b. SBA On-going Guarantee Fee - the guarantee fee is based on the subsidy rate for the 504 loan program and is changed at the beginning of each fiscal year for all loans approved in that year. The fiscal year begins October 1. The current fee rates can be accessed on Eagle Compliance, LLC's website: [Fee Chart](#)
    - c. Central Servicing Agent Fee - the CSA fee is 0.1%.
- G. The monthly interest rate is posted to the Eagle website, available under Rates, Stats, Pricing as the Current Debenture Pricing. CDCs can monitor market influences by reading the weekly commentary.
- A. The current monthly and historic interest rate tables can also be found on the Eagle Compliance, LLC page: [Monthly & Historical Interest Rate Tables](#)
  - B. The current Fiscal Agent commentaries can be found under the Weekly Commentary & Additional Information tab of the Eagle Compliance, LLC website: [Weekly Market Commentary](#)

# 6 Information Regarding Fees

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
3	Miscellaneous Updates	10/1/2018

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

- A. The CDC is responsible for identifying the fees in the Authorization for Debenture Guarantee and disclosing the correct fees to the borrower.
- B. The CSA is responsible for the collection and disbursement of fees to the appropriate parties.
- C. The SBA is responsible for publishing the ongoing guaranty fee annually when applicable.

## 3. Fees applicable to 504 loans and administered/disbursed by the CSA. (13 CFR §§ 120.971, 120.972). (Fee tables by year can be accessed via Eagle Compliance, LLC's website: [Fee Chart](#))

### A. One-Time (upfront) Fees:

#### 1. Third Party Lender Participation Fee

- a. The Third Party Lender Participation Fee has been in effect for loans approved since October 1, 1996.
- b. The purpose of the Third Party Lender Participation fee is to "compensate SBA for the senior lender's lien advantage in a foreclosure situation."
- c. The participation fee charged to the lender is one-half of one percent (0.50%) of the senior lender's loan. The fee is not included in the Gross Debenture calculation and is not financed in the Gross Debenture.
- d. The fee is generally collected by the CDC and submitted to the CSA with the funding package. The CDC may also elect to collect the fee and have the CSA withhold the amount from the CDC Processing Fee disbursed by the CSA upon funding.

#### 2. 504 Funding Fee

- a. The funding fee is disbursed by the CSA from the debenture proceeds.
- b. The funding fee covers the cost of a public issuance of securities and the Trustee.
- c. The funding fee is one-quarter of one percent (0.25%) of the Net Debenture.

### 3. SBA Guaranty Fee

- a. The SBA Guaranty Fee, when assessed, is disbursed by the CSA from the debenture proceeds.
- b. The SBA Guaranty Fee is established by the SBA on an annual basis.

### 4. CDC Processing Fee

- a. The CDC Processing fee is paid by the borrower to the CDC and is typically included in the total gross debenture. The fee is disbursed to the CDC by the CSA from the debenture proceeds (if financed as part of the gross debenture amount). During the enactment of the American Recovery and Reform Act, payment of the CDC Processing Fee by the borrower was waived. Loans approved during that period (February 17, 2009-March 4, 2011) show a 0% Processing Fee.
- b. The fee is 1.5% of the Net Debenture.
- c. The CDC Processing Fee may be paid upfront by the borrower and deleted from the Gross Debenture calculation. The Gross Debenture calculation under these circumstances must be determined based upon the current SOP.
- d. The borrower may pay the fee upfront and be reimbursed from the debenture proceeds. In this case, the CDC will receive the fee from the CSA and the CDC is responsible for reimbursing the borrower.

### 5. Closing Costs

- a. The CDC may include reimbursable closing costs, up to \$2,500, in the debenture proceeds. Any amount charged over \$2,500 must be paid out of pocket by the borrower directly to the CDC.
- b. The CSA will disburse the closing fees to the CDC.

### 6. Underwriter's Fee

- a. The Underwriter's fee is not disbursed by the CSA, but is withheld from the debenture proceeds wired to the CSA from the sale.

Fees are disclosed in the Servicing Agent Agreement

All upfront fees referenced above and included in the debenture proceeds, along with the Balance to Borrower, are to be disbursed by the CSA within one (1) Business Day following receipt.

## C. On-Going Loan Fees

### 1. General Information Regarding Ongoing Fees

- a. All 504 fees are governed by Federal Regulation.
- b. Fees are disclosed in the Servicing Agent Agreement.
- c. On-going fees are calculated on the outstanding principal balance of the Note at the beginning of each five-year anniversary interval. The servicing fees remain the same for the five-year intervals.
- d. The borrower's monthly payment will follow the amortization schedule provided the borrower is current at the five-year interval. If the borrower is delinquent at the anniversary date, the fees will be recalculated based on the outstanding note balance at the start of the five-year anniversary interval. As a result, the Borrower will pay a higher monthly payment amount for the next 5-year interval than shown on the amortization schedule.
- e. For a sample amortization schedule illustrating the fees included in the monthly payment, click here: [Sample Amortization Schedule](#)

## 2. Ongoing SBA Guarantee Fee

- a. Effective with 504 loans approved on or after October 13, 1995, SBA charges the borrower a fee per annum on the unpaid principal balance of the Note as determined at five-year anniversary intervals. The fee was established to provide a higher income stream to help offset the subsidy rate of the 504 loan program.
- b. The guarantee fee is factored into the total monthly payments debited from the borrower's bank account.
- c. The guarantee fee is listed separately on the borrower's 504 Note Amortization Schedule.
- d. The guarantee fee is determined at the time of 504 loan approval. The SBA establishes the rate prior to the start of each federal fiscal year.
- e. The Guarantee Fee is collected until the occurrence of one of the following:
  - 1. the loan is paid in full;
  - 2. in the event of non-payment by the borrower, the fees will not be paid to the SBA; or
  - 3. in the event of prepayment, the servicing fees are collected through the month of the next semi-annual debenture payment following the prepayment.
- f. For a list of Guarantee Fee rates by year, click here [Historical Fee Rates](#)

## 3. CSA Servicing Fee

- a. The CSA collects a monthly servicing fee of one-tenth of one percent (0.10%) per annum on the outstanding principal balance as determined at five-year anniversary intervals.
- b. Although the CSA collects one-tenth of one percent (0.10%), the amount the CSA actually receives from SBA is determined by the contract executed between the CSA and SBA.
- c. The CSA servicing fee is factored into the total monthly payments debited from the borrower's bank account.
- d. The CSA servicing fee is listed separately on the borrower's 504 Note Amortization Schedule.
- e. The CSA servicing fees are collected until the occurrence of one of the following:
  - 1. The loan is paid in full;
  - 2. In the event of prepayment, the servicing fees are collected through the month of the next semi-annual debenture payment following the prepayment;
  - 3. In the event of a debenture repurchase, if the servicing remains with the CSA, the SBA may allow for the payment of the CSA fee;
  - 4. In the event of non-payment by the borrower, the fees will not be paid to the CSA; or
  - 5. In the event of a payment reject, the fees that were collected by the CSA are required to be returned to SBA if payment has not been made by the time of debenture repurchase.

#### 4. CDC Servicing Fee

- a. Per 13 CFR § 120.971, the minimum servicing fee to be charged by the CDC is five-eighths of one percent (0.625%) per annum of the unpaid principal balance as determined at 5-year intervals.
- b. For loans approved after September 30, 1996, the CDC servicing fee must include a Development Company Guarantee Fee, collected by SBA, in the amount of one-eighth of one percent (0.125%).
- c. The maximum CDC Servicing Fee which may be included in the monthly payment is determined as follows:
  - 1. For loans in rural areas, the maximum CDC Fee is 1.5%.
  - 2. For all other loans, the maximum CDC Fee is 1.0%, unless SBA provides prior written approval, with maximum allowed for both rural and non-rural areas as 2%, based on substantial need.
- d. Example calculation of the servicing fee received by the CDC is provided in Table 6.1

**Table 6.1** CDC Servicing Fee Calculation

Gross Debenture	\$400,000
CDC Servicing Fee %per SAA	.625%
CDC Servicing Fee as shown on Authorization	$400,000 \times .00625/12 = \$208.33$
CDC Servicing Fee received by CDC	$400,000 \times .005/12 = \$166.67$
Portion of CDC Fee received by SBA	$400,000 \times .00125/12 = \$41.66$

- e. Payment of the CDC servicing fee by the CSA will be paid by electronic funds transfer, and the following occurs:
  - 1. Payments received on the note payment due date, either by ACH, wire, or check, will be disbursed to the CDC on the second business day after the note payment date;
  - 2. Any payments received after the note payment due date will be disbursed to the CDC each subsequent Friday (unless Friday is not a business day) and on the last business day of each month; and
  - 3. The ACH Credit Form to be completed by the CDC for its fee payment can be accessed via CDC Online (on the home page), or by clicking here [ACH Credit Form](#).
- f. The CDC servicing fees are collected until the occurrence of one of the following:
  - 1. The loan is paid in full;
  - 2. In the event of prepayment, the servicing fees are collected through the month of prepayment;
  - 3. In the event of a debenture repurchase, if the servicing remains with the CDC, the SBA may allow for the payment of a CDC fee;
  - 4. In the event of non-payment by the borrower, the fees will not be paid to the CDC;
  - 5. In the event of a payment reject, the fees that were collected by the CDC are required to be returned to SBA if payment has not been made by the time of debenture repurchase; or
  - 6. If SBA suspends the CDC for performance, the fees will be collected but not paid to the CDC. SBA may direct payment of the fees to another party for servicing the loan.

D. Other Fees

- 1. Late Fees

- a. A late fee will be assessed if the borrower's monthly payment is not received by the 15th calendar day, or the previous business day if the 15th is not a business day.
- b. The amount of the late fee is the greater of \$100 or 5% of the monthly payment, unless applicable state law mandates a lower fee.
- c. If a borrower fails to make a payment in a month, but makes a full monthly payment in the next month, no additional late fee is assessed even though the borrower is past due by a month, since a payment was made during the month. If the borrower only makes a partial payment, a late fee will be assessed.
- d. The CSA will notify the CDC of late fees assessed via the Late Payment Report, accessible on CDC Online. The report is generated on the 16th calendar day, or the next business day if the 16th is not a business day. Late fees will also be shown in the Status of Portfolio Report.
- e. The CSA does not notify the borrower directly that a late fee has been assessed. It is the CDC's responsibility to notify the borrower in writing.
- f. The late fee is income to the CDC to compensate it for collection efforts. The CDC may elect to waive a late fee by request in writing to the CSA. The CDC's request should state which fees should be waived and the amount.
- g. Payment of late fees:
  - 1. The borrower may pay a late fee by wire to the CSA per the CSA's wiring instructions or by check. (Wiring instructions may be obtained by contacting the CSA).
  - 2. If paid by check, the check must be made payable to the CSA and should include the SBA loan number.
  - 3. The check may be sent directly to the CSA Lockbox by the borrower or may be sent to the CDC and forwarded to the CSA. The Lockbox mailing address can be found in Section 1.3 of this manual.
  - 4. The check for late fees may not be paid directly by the borrower to the CDC. The late fees must be processed through the CSA.
- h. Late fees are disbursed by the CSA to the CDC by ACH Credit. The ACH Credit is sent on the second business day of the month for all late fees received during the previous month.
- i. Funds are only applied to a loan when the loan is current. Payments received from the borrower are applied to late fees last (see next chapter for application of payments).

## 2. Assumption Fees



- a. CDCs are permitted to charge an assumption fee not to exceed 1% of the outstanding principal balance of the loan at the time of assumption.
- b. The CDC must have written approval from SBA in order to charge an assumption fee. ALP or PCLP CDC's may unilaterally approve payment of an assumption fee provided the loan was approved under such delegated authority. The CDC should collect the assumption fee directly from the borrower/assumptor. The CSA should not be involved in the assumption fee.

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# 7 Payment Procedures

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
4	Update to ACH Form Procedure	12/30/2020

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

- A. The CSA is responsible for the appropriate application of funds to each borrower's loan.
- B. The CDC is responsible for communicating payment requirements to the borrower and for monitoring the payment status of the borrower.

## 3. Definitions

- A. ACH (Automated Clearinghouse): the automatic withdrawal of the monthly loan payments from a bank account chosen by the borrower
- B. ACH Reject: the unsuccessful debit of the borrower's bank account for the monthly payment

## 4. Payment Methods

### A. Payment by ACH

- 1. Under the terms of the Servicing Agent Agreement, borrowers are required to make monthly payments via ACH. There is no charge to the borrower for an ACH debit by the CSA.
- 2. A borrower's account can only be debited once per month for the monthly payment as specified in the Servicing Agent Agreement or SBA-approved Catch-Up Plan.
- 3. If the borrower is not using a regular checking account, the borrower should confirm with the bank that the desired account can be used for the monthly ACH debit.
- 4. The borrower's bank statement will show Wells Fargo (the current CSA Financial Services Provider) as the financial institution debiting the borrower's account via ACH.
- 5. The borrower must provide a completed and signed ACH Debit form (Accessible here: [ACH Debit Form](#)). A voided check is preferred, but not required. The CDC should forward the form (original is not required) to the CSA.
- 6. Setting up a new borrower with ACH

- a. The CDC should provide the borrower with the ACH debit authorization form and request that it be completed, signed, and returned prior to the CDC's district submission deadline.
- b. The CDC must log into ETRAN Servicing and upload the ACH form in the documents section of the Borrower Loan Info page. The CDC must save the ACH bank information on the Primary Borrower page in ETRAN Servicing and save to a "Pending CSA Review" status. This should be completed by the CSA cut-off date, which is 15<sup>th</sup> or previous business date prior to the funding date.
- c. On the first business day following the 15<sup>th</sup> of the month prior to the first payment, the CSA will "pre-note" the borrowers account. The purpose of the pre-note is to test the ACH process to check the accuracy of the information on the ACH form. The amount of the "pre-note" is \$0.00.
- d. The CDC should verify the ACH has been set-up by looking at the borrower's loan detail on CDC Online.
- e. The CDC is recommended to remind the borrower the ACH debit will show as "Wells Fargo" on the borrower's bank statement.

7. ACH Debit Cycle

Table 7.1 Debit Cycle

Timeframe	Activity
15th calendar day of the month	No ACH change requests for the following month can be made
Three (3) business days prior to the last business day of the month	No additional ACH deletion requests for the following month can be made
Last business day of the month	CSA sends debit request to borrower's bank
Last business day by the close of business	"Good funds" required
First business day of the month	Payment is due and debit from CSA occurs
Second business day through the 15th of the month	The majority of payment reject notices received by the CSA. Note-the borrower has the capability of rejecting the debit up to 48 hours after the debit.

8. ACH Rejects

- a. An ACH reject may occur for a number of reasons, including the following:

1. Insufficient funds;
  2. The account type does not qualify for ACH;
  3. Administrative errors in the ACH information prior to the first debit;
  4. Borrower closed the account;
  5. The bank was acquired and the necessary changes to the ACH were not made; or
  6. Borrower revoked the authorization or stopped payment.
- b. The CSA receives notification of rejected payments beginning the second business day of the month. However, it is possible for notification of a reject to occur up to 48 hours following the debit.
  - c. The CSA sends an email notification to the CDC when the ACH reject report is available each month on CDC Online. The report is updated as reject activity occurs. The CDC is responsible for checking the ACH reject report on a periodic basis (see Chapter 2.8-CSA Reports).
  - d. The ACH reject report will indicate whether or not the borrower is being removed from ACH.
  - e. The CDC must contact the borrower regarding the payment reject. The CDC should request the borrower wire the funds by the 15th of the month in order to avoid assessment of a late fee.
  - f. A check or wire is the only acceptable form of payment for an ACH debit that was rejected. Payments via the Pay.gov ([www.pay.gov](http://www.pay.gov)) may only be made if the debenture has been repurchased.
  - g. The borrower will be automatically removed from ACH under the following circumstances:
    1. The borrower revokes the authorization for the debit;
    2. The bank account is closed;
    3. The borrower stops the payment; or
    4. There are two (2) consecutive rejects. If the borrower shows a pattern of rejects, such as every other payment, due to insufficient funds, the borrower MAY be removed from ACH.

- h. If a borrower has been removed from ACH, the borrower must complete a new ACH debit authorization form. The CDC must send the form (original or copy) with a voided check to the CSA. If the borrower stopped a payment or revoked the authorization, the borrower should contact the bank to re-authorize the CSA in addition to completing a new debit authorization.
- i. Changes to ACH information must be submitted to the CSA on a new ACH form, signed by the borrower.
- j. When a 504 loan is assumed, the CDC must send a new ACH form for the assumptor prior to the pre-note deadline preceding the assumptor's first payment.
- k. ACH rejects that occur within the same month of the debit and are the most recent payment posted will show in the borrower loan detail screen in CDC Online as payment type "AR." Rejects that occur after a payment has been posted will be reflected as payment type "X."

B. Payment by Wire

- 1. The CDC must send a written request to the CSA on behalf of the borrower in order to request permission to wire monthly payments. The CDC should inform the CSA that the borrower will be sending a wire. The cost to wire is the responsibility of the borrower.
- 2. When a CDC is aware that a borrower is sending a payment by wire, the CDC should check CDC Online to verify the CSA received and applied the wire.
- 3. Wiring instructions must include the SBA loan number.
- 4. Payments made by wire will be applied to the borrower's loan one (1) business day following receipt of the wire. It will be reflected on CDC Online one (1) business day following the posting of funds to the loan.
- 5. In the event a borrower sends a wire and the wire does not post to the borrower's loan two business days after confirmation by the bank, the CDC should send an email to the CSA requesting research of the payment. The email should include the loan number, the dollar amount of the payment, and if possible, a copy of the wire confirmation receipt.
- 6. If the account name and number are missing from the wire, and the application of payment is delayed as a result, the borrower will be assessed a late fee if the payment is not received by the 15th of the month.

C. Payment by Check

1. NOTE: Checks are not an acceptable form of payment for regular monthly payments.
  2. If a borrower owes a late fee or an amount over the regular monthly payment amount, the CSA will accept a payment by check for the additional amount or late fee amount.
  3. The CSA will accept payment by check on a delinquent loan.
  4. Checks should be sent by the borrower to the CDC, and forwarded by the CDC to the CSA with a cover letter. The check should be made payable to SBA 504 CSA on behalf of SBA and the SBA loan number should be written on the check.  
Checks should be mailed to the CSA Lockbox referenced in **Chapter 1.3**.
  5. In the event a check is returned to the CSA for non-sufficient funds, the CSA will send an email to the CDC advising of the returned check. The CDC must follow-up with the borrower to collect good funds for payment.
5. Application of Funds-Accruals
- A. 504 loan interest is calculated on a 360/360 basis.
  - B. Interest and fees are paid in arrears, e.g., a payment made on February 3 would pay interest and fees through January 30.
  - C. Daily interest accrual occurs only on the first payment or when the loan is over 30 days past due.
    1. For the first payment, interest is accrued from the day the loan is funded through the 30th. The amortization schedule and the loan detail will show a higher proportion of the payment going to principal than in subsequent payments.
    2. If the loan is not already 30 days or more past due, and the borrower makes a payment on any day prior to the 30th, the payment will be applied as if the payment were made on the first business day of the month. Interest will be paid through the end of the prior month. Interest would accrue the following month.
6. Order of Payment Application

Table 7.2 General Rules for Application of Payments

Sequence	How Payment is Applied
(1)	<p>1. Borrower Receivable</p> <p>Applied in one (1) month increments until satisfied; balance applied to next fee if there is not enough to satisfy a full fee payment.</p> <p>Order in which monies are applied:</p> <ul style="list-style-type: none"> <li>a. SBA Guarantee Fee</li> <li>b. CSA Servicing Fee</li> <li>c. CDC Servicing Fee</li> </ul>
(2)	<p>2. Current Month's Fees</p> <p>Applied in one (1) month increments until satisfied; balance applied to next fee if there is not enough to satisfy a full fee payment.</p> <p>Order in which monies are applied:</p> <ul style="list-style-type: none"> <li>a. SBA Guarantee Fee</li> <li>b. CSA Servicing Fee</li> <li>c. CDC Servicing Fee</li> </ul>
(3)	<p>3. Interest</p> <p>Applied in full day increments until amount required is satisfied. If funds available are less than a day of interest, the balance is applied to principal.</p>
(4)	<p>4. Principal</p> <p>Applied until the balance matches the 504 Note Amortization Schedule.</p>
(5)	<p>5. Late Fee</p> <p>Applied in one (1) month increments if a fee has been assessed.</p>
(6)	<p>6. Unallocated Funds</p> <p>Monies available after all other categories are satisfied or where the amount available is insufficient to pay the late fee due.</p>

A. Payment Category Details

- 1. Borrower Receivables



- a. When a loan payment is made by ACH, the CSA pays out the fees to the CDC, SBA, and CSA on the second business day of the month. If the ACH rejects subsequent to the distribution of the fees by the CSA, the CSA creates a "Due from [Name of Borrower] Receivable" account for the fees that were advanced.
  - b. The next payment received from the borrower will be applied first to the Borrower Receivable.
  - c. Funds applied to the Borrower Receivable are applied in one (1) month increments until all receivables are fully paid.
  - d. If funds are not available to satisfy a monthly increment, the funds will be applied to the next borrower receivable in the sequence where funds are adequate to satisfy the monthly increment.
  - e. If a loan is transferred to SBA for servicing or is accelerated, and a Borrower Receivable is outstanding for CDC servicing fees, the outstanding CDC servicing fee is deducted from the CDC servicing fee payments in the next monthly fee disbursement to the CDC.
  - f. If fees are advanced in a month due to an ACH payment reject, and the borrower is still on ACH, the CSA will advance the servicing fees the next month. Upon the second sequential ACH reject, the CSA will remove the borrower from ACH and no additional fees will be advanced.
2. Current Month's Fees: If there are no borrower receivables, the CSA applies the payment to the current month's fees prior to application to any other categories. The order in which the fees are applied is the SBA Guarantee Fee, the CSA Servicing Fee, and the CDC Servicing Fee. If there are not enough funds in the payment to cover an entire fee, the funds are applied to the next fee.
  3. Interest

- a. If the borrower is current, the funds remaining after payment of the borrower receivable and fees will be applied to interest accrued through the end of the prior month. If funds are not sufficient to cover the entire month, funds will be applied to the number of full days of interest available and the remainder of the funds will be applied to principal.
- b. If the borrower is not current, funds will be applied to interest in full day increments until interest is current to the end of the prior month.
- c. The daily interest amount is calculated by multiplying the actual principal balance times the note interest rate divided by 360. Typically the number of days of interest due is 30 days, unless the payment in the prior month was not sufficient to satisfy an entire month of interest.
- d. When the payment satisfies the total of the interest accrued, OR, the amount available is less than a full day of interest, the remainder of the payment will be applied to principal.
- e. CDC's are encouraged to reference CDC Online or contact a CSA customer service representative to obtain information on the amount of accrued interest.

#### 4. Principal

- a. After funds are applied to the maximum number of full days of interest owed, the balance is applied to principal.
- b. Principal is applied until the actual note balance matches the 504 amortization schedule.

#### 5. Late Fees

- a. If a borrower monthly payment is not posted to the account, a late fee is assessed on the 16th calendar day, or next business day.
- b. Late fees are applied in one month increments and cannot be partially paid.
- c. The amount of the late fee is the greater of \$100 or 5% of the monthly payment. For the state of MA, the late fee is a flat rate of 3% of the monthly payment. The 504 note late fee falls under Federal law and supersedes the rate set by state law.
- d. Late fees may be paid at any time but will only be applied when the borrower is current.
- e. Late fees may be paid by wire or by check. The check should be made payable to the CSA.
- f. If an amount is insufficient to pay the late fee for a month, the funds will be placed in the unallocated funds account.
- g. The collected late fees are sent to the respective CDCs on the second business day of the month for fees collected in the prior month.

#### 6. Unallocated Funds

- a. Unallocated funds may also be referred to as Escrow, Escrow Reserve, or Difference to Escrow. The account is used for any balance received that has not been applied.
- b. Funds are placed in the unallocated funds account when there is a balance remaining after a borrower makes a payment and all amounts the borrower owes are satisfied.
- c. Common reasons for unallocated funds:
  - 1. The borrower is not on ACH and did not reduce the payment to match the five (5) year reduction on the anniversary date.
  - 2. The borrower did not send a payment sufficient to pay an entire late fee.
  - 3. The borrower is in arrears and paid more than was needed to satisfy all amounts due.
- d. The CDC may instruct the CSA in writing to return the balance to the borrower.

B. For payment application examples, see **Appendix 1**

7. Payment adjustment at 5-year anniversary dates

- A. The CSA system will automatically adjust the debit amount on the 5-year anniversary date for all borrowers on ACH.
- B. If a borrower is not on ACH, but is current, the CDC should advise the borrower of the adjusted payment amount.
- C. If the loan is not current at the 5-year anniversary date, the CSA will recalculate the fees based on the remaining principal balance at the 5-year anniversary date. For the next five (5) years, the fees paid by the borrower will be higher than indicated on the original amortization schedule. Principal and interest will continue to follow the original schedule once any past due interest and principal is current.

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# 8 Prepayments; Maturities; Accelerations

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
4 & 5	Miscellaneous Edits	12/30/2020

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

### A. CDC:

1. Communicate and work with the borrower to schedule a prepayment; and
2. Meet the CSA's deadlines regarding prepayment notice and final prepayment.

### B. CSA:

1. Provide final prepayment figures to the CDC via ETRAN Servicing;
2. Accurate application of funds resulting from a prepayment; and
3. Provide notice to CDC and SBA upon maturity and payment in full of a 504 loan.

### C. SBA Commercial Loan Servicing Center:

1. Grant a limited Power-of-Attorney to the CDC to execute release documents for paid in full loans.

## 3. Prepayments

Table 8.1 Prepayment Timelines

Date	Event
No less than 8 calendar days prior to the prepayment date	CDC submits the request for prepayment to the CSA via ETRAN Servicing.
From the 6th business day of the month until 5:00 PM EST on the 3rd Thursday of the month	CSA publishes required prepayment amount on ETRAN Servicing. CDC notifies the borrower of the amount required to prepay.
Prepayment Date-3rd Thursday of the prepayment month, or the next business day following the 3rd Thursday if the 3rd Thursday is a holiday	Borrower wires the prepayment prior to 5:00 PM Eastern. Prepayment may be made from the 6th business day of the month until 5:00 PM EST on the 3rd Thursday.

A. Prepayment Calculation considers:

1. The remaining principal balance of the 504 Note at the next semi-annual debenture payment date;
2. The scheduled prepayment premium on the debenture (per the Debenture Prepayment Schedule);
3. All monthly principal and interest payments on the 504 Note up to and including the payment due on the debenture's semi-annual payment date;
4. CSA servicing fees up to and including the semi-annual debenture payment date;
5. SBA guarantee fees up to and including the semi-annual debenture payment date;
6. If the borrower is not current, all accrued interest, fees and any behind principal;
7. All outstanding late fees, if not waived by the CDC; and
8. Any outstanding receivables, including "care and preservation" expenses incurred by the CDC and/or SBA.

B. Process Overview

1. 504 Loan prepayments must be scheduled no later than eight calendar days prior to the 3rd Thursday of the month in which the prepayment is to be made. Loans must be scheduled to pay off during the prepayment window, which ranges from the sixth business day of the month to the 3rd Thursday of the month. If the scheduling deadline of 8 calendar days prior to the 3rd Thursday is missed, the CSA can schedule loans to prepay up until the 3rd Wednesday of the month by request of the CDC via email. If requested via email, the CDC must provide the loan number.
2. Upon request by the borrower for a prepayment estimate, the CDC may obtain the estimate via ETRAN Servicing. Prepayments can be scheduled and estimates can be provided up to six months in advance of the anticipated prepayment date.
3. The CDC should be aware of the semi-annual debenture payment dates when working with the borrower on scheduling a prepayment. If the borrower is approaching the semi-annual date for the loan, prepaying the loan the month before the semi-annual date instead of during or after the semi-annual date will save the borrower from paying up to an additional six months of interest, SBA fees, and CSA fees. The CDC fees are not collected for the period between the prepayment date and the semi-annual date for any loan that prepays.
4. The CDC must obtain the borrower's request to prepay the loan in writing.
5. After scheduling the prepayment, the CDC can print a confirmation letter from ETRAN Servicing.
6. The CDC must provide the official prepayment amount in writing to the borrower.

7. Prepayments must be made by wire transfer. No other form of payment (check, ACH, etc.) will be accepted to pay off a loan. The wire can be accepted beginning at 8:00 AM EST on the sixth business day of the month, and must be received by the CSA no later than 5:00 PM EST on the prepayment date (the 3rd Thursday of the prepay month). Wiring instructions are included in the prepayment confirmation letter from the CSA. The wire must include the borrower's operating company name and the loan number.

Wells Fargo Bank, NA  
420 Montgomery Street,  
San Francisco, CA 94104  
ABA #: 121000248

Beneficiary Account #: 4000113241

Beneficiary Account Name: SBA 504 Master Deposit Account

Reference: Loan # \_\_\_\_\_ (insert 504 Loan #)

Borrower Name: \_\_\_\_\_ (insert Borrower name)

Attn: SBA 504

8. The prepayment will be rejected if funds are not received by the deadline; if funds are wired to any party other than the CSA; if funds are sent by check or any form of payment other than a wire; or if funds are not sufficient to pay the obligation in full.
9. If the loan does not prepay as scheduled, it is the responsibility of the CDC to change the prepayment date to another month or to delete the prepayment request.

#### C. Post Prepayment Activity

1. The release letter confirming the prepayment has been processed is generally available on ETRAN Servicing within two business days of the CSA receipt of the wire. However, loans submitting a prepayment wire within the current semi-annual month for the debenture will not have release letters available until after the 20th day of the month. Generally, the release letters will be available on the 21st, however, if the 20th falls on a weekend, the letters will not be available until Tuesday of the following week.
  2. The CSA will change the loan status to "prepaid" and the loan will no longer appear in the CDC's Status of Portfolio Report following the same timing as outlined in step 1 above. The loan will still appear in the ETRAN Servicing system.
  3. The CSA will disburse any accrued CDC fees and late fees to the CDC at the end of the month.
  4. The CSA will disburse the SBA guarantee fees to SBA and the CSA fees to the CSA at the end of the month.
  5. The CSA will deposit the principal, interest, and prepayment premium into an escrow account until the debenture prepayment occurs on the first business day of the semi-annual month.
  6. The SBA CLSC will notify the CDC to prepare release and satisfaction documents for the loan and will grant a limited power-of-attorney to the CDC to execute the release documents.
  7. The CDC executes the release documents and sends to the title company, escrow company, or the recorder's office for recordation.
  8. The Trustee returns the original debenture to the CDC and sends a copy to the SBA District Office.
4. 504 Loan Maturities
- A. Following receipt of the last payment that is adequate to pay the 504 Note and debenture in full, the CSA will disburse the fees, deposit the principal and interest into escrow to satisfy the debenture, and send a memo to the SBA CLSC confirming the loan has been paid in full.
  - B. The SBA CLSC will notify the CDC to prepare release and satisfaction documents for the loan and will grant a limited power-of-attorney to the CDC to execute the release documents.
  - C. The CDC executes the release documents and send to the recorder's office for recordation.
  - D. The Trustee returns the original debenture to the CDC and sends a copy to the SBA District Office.
5. 504 Debenture Repurchases



- A. Requirements and authority for liquidation can be found in SOP 50 55 and SOP 50 51, available on SBA's website ([SBA SOP Reference](#))
- B. Information regarding the liquidation process and best practices can also be obtained through the liquidation training course offered by NADCO.
- C. Placing a loan "in liquidation" status refers to the requirement by SBA to submit a liquidation plan, which typically involves repurchasing the debenture, when a loan is at or approaching 65 days past due without possibility of an approved deferment. The loan must also be placed in liquidation in the following circumstances:
  - 1. The third party lender has initiated foreclosure;
  - 2. A lawsuit has been filed against a borrower/guarantor which may adversely affect SBA's collateral position;
  - 3. The borrower files bankruptcy; or
  - 4. The CDC receives notice the borrower has abandoned the collateral.
- D. When a loan is placed in liquidation status and the debenture is required to be repurchased, the following actions take place:
  - 1. The SBA CLSC sends a list of loans to be accelerated each month to the Trustee and the CSA. The Trustee then provides the outstanding debenture payoff information to the CSA. The CSA utilizes the information received by the Trustee to generate the transcripts for the loans to be accelerated. The transcripts are then sent to SBA (Denver Finance Center) to prepare the wire.
  - 2. SBA (Denver Finance Center) sends funds to the CSA for the debenture purchase for all loans that accelerate in that semi-annual month.
  - 3. The CSA will change the status code in CDC Online to accelerated at the time of SBA and Trustee request. However, the debenture purchase does not occur until the loan's next semi-annual date.
  - 4. When the loan's status is changed to accelerated, the CSA's servicing responsibility is terminated and the loan accounting is transferred to SBA.
  - 5. The CDC's servicing fees are terminated at the time the loan's status is changed to accelerated. Additionally, the CDC would not be paid any past due fees unless the borrower brings the fees current.
  - 6. The loan is removed from CDC's status of portfolio report. However, the CDC may remain actively involved in the liquidation based on the CDC's delegated authority.
  - 7. The SBA loan number is changed to denote the repurchase, typically the 7th digit is changed to a 5.
- E. Loan payments on loans where the debenture has been repurchased

1. Although the accounting for loans where the status code has changed to accelerated is handled by SBA, a link to the loan is available through the CDC Online website. It may take up to 30 days following debenture repurchase for the link to become active.
2. Payments on accelerated loans cannot be paid to the CSA. Payments can be made through [Pay.gov](https://www.pay.gov). Borrowers may make payments through pay.gov using bank account information, credit/debit card. Additionally, the SBA accepts wire transfers and checks.
3. In the event a payment does not show on SBA's loan management system, the CDC should contact the SBA CLSC for information.

# 9 Servicing Actions

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
4	Amended Deferment/Catch-up Section to reflect CSA's handling of calculating the catch-up payments	10/25/2016
4	Updated Link and Miscellaneous Grammatical Edits	10/1/2018
4 & 5	Edits to Deferment/Catch-up Section and ACH Submission	12/30/2020

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

- A. The CDC is responsible for obtaining the appropriate SBA approval (if required) prior to providing notification to the CSA of an action.
- B. The CSA is responsible for providing the CDC with information requested in order to complete a servicing action and for accurately reporting loan information upon notification of changes resulting from servicing actions.

## 3. General Information Regarding Servicing Actions

- A. Requirements and authority for servicing actions can be found in SOP 50 55, available on SBA's website ([SBA SOP Reference](#)).
- B. Servicing actions which fall under the unilateral action authority of the CDC still require acknowledgment by SBA prior to submission to the CSA.
- C. CDCs must work with their respective SBA servicing center, Little Rock or Fresno, for all servicing action approvals and acknowledgments.
- D. Servicing actions covered in this manual only include actions which may involve the CSA by impacting payments or borrower names/tax numbers, namely deferments and assumptions.
- E. In many cases, deferments and assumptions arise through work-out efforts of the CDC when proactively addressing problem loans.
- F. Detailed information regarding CDC activities in loan collections and work-outs is also provided through training offered by the National Association of Development Companies (NADCO).

## 4. Deferments and Catch-Up Plans

- A. Deferment Basics:

1. Deferments are described in Chapter 12 of SOP 50 55.
2. Deferments are employed as a solution to a temporary problem impacting a borrower's ability to make loan payments. A deferment is not appropriate when it is apparent the borrower's financial difficulty is so severe that a deferment would only prolong the potential acceleration of the loan.
3. The amount deferred may include full or partial payments.
4. Partial payment deferments may be structured so that the borrower pays fees only, fees plus interest, or a specified dollar amount. When structuring an amount, the CDC should ensure the amount is sufficient to pay at least one entire fee amount, as partial fee payments cannot be paid.
5. Deferments 6 months or less cumulative over the life of the loan: may be granted unilaterally by CDC's. The SBA Servicing Center must be notified but SBA approval is not required.
6. Deferments more than 6 months cumulative over the life of the loan: may be granted unilaterally by PCLP CDC's. Non PCLP CDC's must obtain approval by the SBA Servicing Center.
7. The CSA must receive deferment requests no later than the 20th calendar day of the month or the business day prior, to be effective for the upcoming month.

B. Catch-up Plan Basics:

1. As of January 2016, CDC-calculated catch-up loans are no longer accepted by the CSA. CDC's must request a CSA-calculated catch-up plan by following the Deferment and Catch-up Request Process described in the next section.
2. The Catch-up plan is an estimate that will provide details of how the borrower will repay the deferred principal amount and all accrued interest, servicing fees, and late fees. It will specify payment amounts and the time period for paying back the deferred amount so the borrower is back on schedule with the original Note Amortization Schedule as per the agreed upon timeframe.
3. The catch-up period should be within 10 years or prior to the maturity date of the loan, whichever is earlier.
4. Catch-up plans can take two forms-Standard or Step-up.
  - a. Standard: the CSA calculates the catch-up amount for the entire Catch-up period.
  - b. Step-up: the CDC provides a catch-up payment amount for a specific time period, and the CSA calculates the final catch-up payment amount for the remainder of the Catch-up period.
5. A Catch-up plan cannot be a lump sum balloon payment to be paid at the end of the catch-up period.

- C. Deferment and Catch-up Request Process: To make a Deferment and Catch-up request to the CSA, the CDC must follow the process detailed below. All documents should be sent to [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com)

1. CDC completes the CDC 504 Deferment and Catch-up Form, which is available on the homepage of CDC Online. ([Click here to access form](#))
  2. CDC emails the completed form to the CSA, along with any other documentation and SBA approval, if applicable.
  3. CSA processes the form and sends the calculated Catch-up plan to the CDC.
  4. CDC Representative and Borrower both review and sign the calculated Catch-up plan.
  5. CDC sends the signed Catch-up plan to the CSA.
  6. CSA completes final processing of the Catch-up plan and sends confirmation to the CDC.
- D. Instructions on Completing the CDC 504 Deferment and Catch-up Form: CDC must send the completed CDC 504 Deferment and Catch-up Form to the CSA, along with any other relevant documentation and SBA approval, if applicable.
1. CDC must include loan number, date, and CDC number.
  2. CDC must complete section 1 to affirm if SBA approval is required by checking "Proof of SBA approval has been provided" or "N/A". If SBA approval is required, it must be attached to the request form.
  3. CDC must complete section 2 by checking the type of Deferment (Full or Partial), entering the deferment time period(s), and the partial deferment payment amounts (only for partial deferments).
  4. CDC must complete section 3 by checking the type of Catch-up (Standard or Step-up), entering the Catch-up time period(s), and the Catch-up payment amounts (only for Step-up Catch-ups).
  5. CDC should complete section 4 to notify the CSA to waive late fees by checking the first box and entering the amount desired to be waived.
  6. CDC should complete section 5 to notify the CSA of any additional information. CDC should comment if the request is a Catch-up revision request or a Retroactive Deferment.
- E. Deferment and Catch-up Deadlines:
1. CSA must receive Deferment requests no later than the 20th calendar day of the month or the business day prior, to be effective for the upcoming month.
  2. CSA must receive retroactive Deferment requests by the 15th calendar day of the month or the business day prior, to be effective for the upcoming month.
  3. CSA must receive signed Catch-up plans by the 15th calendar day of the month or the business day prior, to be effective for the upcoming month.
  4. Any changes to the ACH information must be submitted by the CDC in ETRAN Servicing by the 15th calendar day of the month or the business day prior, to be effective for the upcoming month.

- F. Continuous Monitoring: it is the responsibility of the CDC to monitor the borrower's compliance with the Catch-up plan.
1. CDC is to verify that the total monthly payment paid by the borrower and the remaining balance after the payment is applied matches the Catch-up plan every month. The CDC Online Loan Detail screen can be utilized for verification.
  2. Loans on Catch-up status will automatically revert to Active-Delinquent status if a borrower payment is less than the catch-up payment amount per the catch-up plan, or is not received 2 business days prior to month end.
  3. CDC must email the CSA to place the loan back on Catch-up status once the borrower remits the missed payment and it has posted to CDC Online.
  4. Loans that do not adhere to the Catch-up plan payment schedule will accrue additional interest and new Late Fees causing the original Catch-up plan to be inaccurate.
  5. Late Fees will be assessed on the 16th calendar day of the month or next business day. Borrower payments must be received in full by the 15th calendar day or business day prior to avoid late fees.
  6. CDC Online Late Fees Assessed report and the Status of Portfolio report should be utilized to monitor Late Fees.
  7. CSA Status of Portfolio Report
    - a. During a Deferment, the loan will be displayed with a "D" in the last column of the report.
    - b. During the Catch-up period, the loan will be displayed with a "C" in the last column of the report.
  8. Application of Catch-up payments - Payments will be applied in the following order:
    - a. Accrued fees in one-month increments, until current;
    - b. Interest in one-day increments until current;
    - c. Principal, until current; and
    - d. Late Fees in one-month increments (paid at the very end of the Catch-up period).
  9. At the end of the Catch-up period, the CSA will amend the ACH debit amount to the regular monthly amount stated on the Catch-up plan. If a borrower is not on ACH, the CDC should advise the borrower of the adjusted payment amount. Note, if a borrower is not current on the 504 loan (either due to a Deferment, Catch-up, or ongoing delinquency) at the five (5)-year anniversary date, the servicing fees will be recalculated by the CSA based on the actual principal balance at the loan's five (5)-year anniversary date. The resulting fees and total payment will be higher for the next five (5)-year period compared to the original 504 Note Amortization Schedule.

#### 5. Assumptions

- A. Assumptions are described in SOP 50 55, Chapter 11.
- B. Assumptions impact the tax reporting for a loan and the ACH authorization.
- C. Assumptions generally fall into 2 categories. A technical assumption is a request to change the SBC name or form of organization, a change to a W-9 form, and/or a change to the borrower name or form of organization. A third party assumption is a request by an unrelated entity to take over a borrower's legal obligations and benefits under the loan documents (typically associated with the purchase of assets). The latter requires more complex analysis by the CDC. The CDC should provide the following documents to the CSA:
  - 1. Copy of SBA's approval (or acknowledgment if approved unilaterally);
  - 2. New IRS Form W-9 for interest expense reporting;
  - 3. New ACH Debit Authorization Form with a voided check, which must also be submitted by the CDC in ETRAN Servicing; and
  - 4. A copy of the signed Assumption Agreement.
- D. The CDC must submit a CDC-504 Assumption Control Worksheet with all assumption requests. The worksheet can be found on the NADCO website [Click Here: CDC 504 Assumption Control Worksheet](#). The worksheet outlines the required information and documentation the CDC is required to submit for an assumption request.
- E. The CDC may charge an assumption fee to the borrower/assumptor provided the fee does not exceed 1% of the remaining principal balance of the note. The CDC must obtain SBA's approval to charge the fee. The CDC should collect the assumption fee directly from the borrower/assumptor. The CSA should not be involved in the assumption fee.

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# 10 CDC Online Website Access

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
4 & 5	Updated Links, Screen Shots and Narrative to Reflect CDC Online Access	10/1/2018
5	Updated Screen Shots and Narrative to Reflect CDC Online Access	12/30/2020

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

- A. The SBA is responsible for providing CDCs with online access to borrower transactions, payment histories, and portfolio reports.
- B. CDCs are responsible for managing employee access to the system.

## 3. Overview

- A. The website URL for CDC Online is:  
<https://caweb.sba.gov/cdconline/index.cfm>
- B. All software and technical data is the property of SBA and maintained by SBA.
- C. Security requirements for CDC Online are governed by and aligned with SBA's IT security policies.
- D. Changes and enhancements to the website are published periodically based on SBA's guidance and written approval.

## 4. System Access

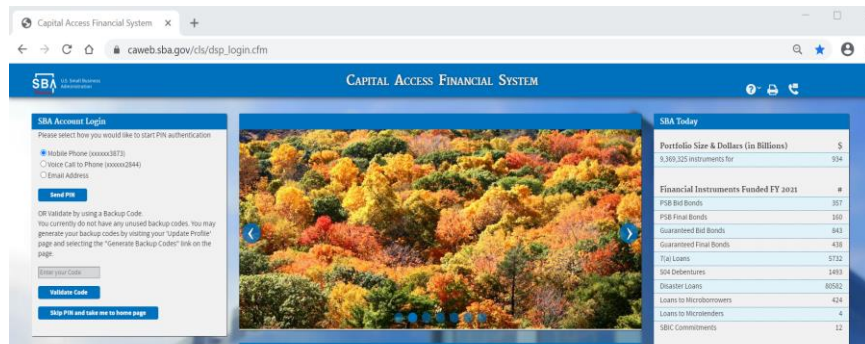
- A. Each individual who will be accessing CDC Online should have his/her own unique log-in credentials.
- B. Go to the SBA Capital Access Financial System (CAFS) for enrollment ([https://caweb.sba.gov/cls/dsp\\_login.cfm](https://caweb.sba.gov/cls/dsp_login.cfm)). Complete and submit the enrollment form, and wait to receive the approval email from SBA.
- C. Upon SBA approval, log in to CAFS and request access to the CDC Online module.
- D. Access CDC Online upon receipt of SBA approval email.
- E. Contact the SBA IT Help Desk (1-888-484-2237/ [cls@sba.gov](mailto:cls@sba.gov)) for issues with enrolling or accessing CAFS or CDC Online, or to remove access for any person no longer employed by the CDC.

5. Navigating the website

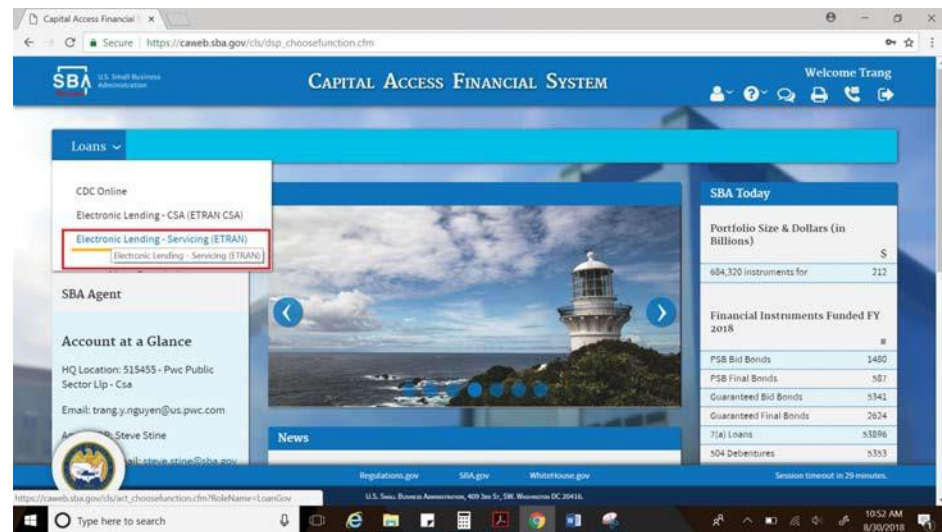
A. Log in to the Capital Access Financial System (CAFS).



B. Complete the Pin Verification by selecting how you would like to send the PIN and entering that Pin in the Code Validation field



C. Click on the Loans drop down menu and select Electronic Lending – Servicing (ETRAN).



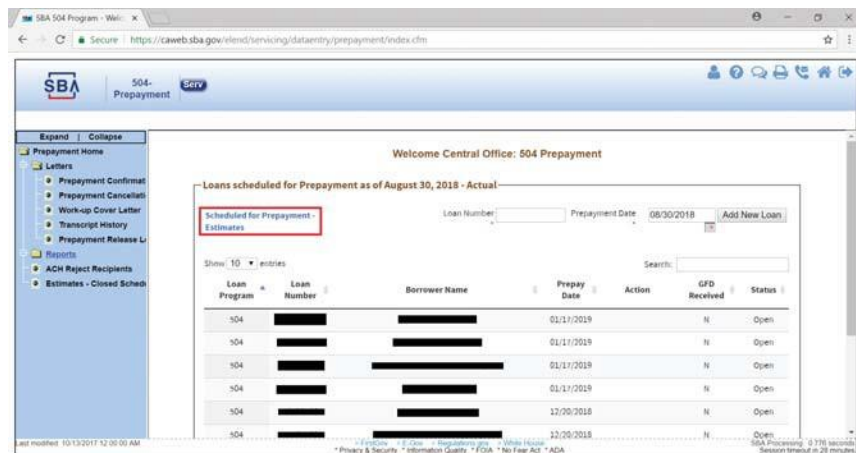
D. The user will be directed to the landing page of the ETRAN Servicing with access to loan-level data and reports.



1. Prepayment - Provides options for requesting prepayment estimates, scheduling prepayment dates, generating letters and reports related to prepayments, and identifying the CDC contact name for prepayment information. Details for each option are described in Section C below.
2. Settings Menu - Provides access to the update profile, password reset, and access request screen.
3. Help - Provides information on browser errors.
4. Contact Us - Provides CSA contact information.
5. Search - Provides access to individual loan histories (loan number is recommended to search for a specific loan). Details regarding the loan history statement are described in Section D below.
6. Reports Section - Shows reports which can be pulled up online. Details for each report are described in the next chapter.

E. Options available under "Prepayment"

1. Prepayment Home Page



a. Schedule an Actual:

1. Enter the loan number and prepayment date (3rd Thursday of the month)

SBA 504 Prepayment - Prepayment Actual Request Edit - New Request

Date: 08/16/2018

To: Work-Up Control

CSC email address: sba504-usa@vetht.org

Phone: 1-800-573-2837

Fax: 212-423-4104

From: [Redacted]

From\*: [Redacted]

Fax\*: [Redacted]

Email Address\*: [Redacted]

Request for information on the following loans:

2. Click the Add New Loan button.
  3. Enter appropriate contact information.
  4. Click the Submit button twice. A confirmation letter will appear showing the loan has been scheduled.
- b. Schedule an estimate:
1. Click on Schedule for Prepayment – Estimates.

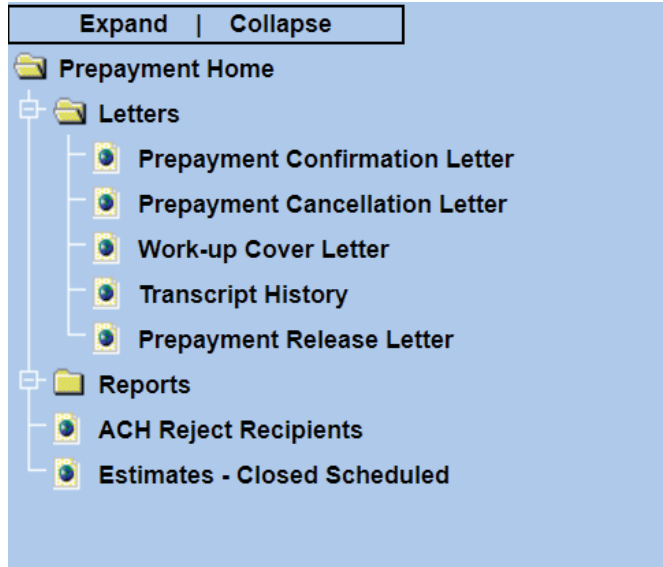
Loans scheduled for Prepayment as of August 30, 2018 - Estimates

Loan Number: [Redacted] Prepayment Date: 08/30/2018 Add New Loans

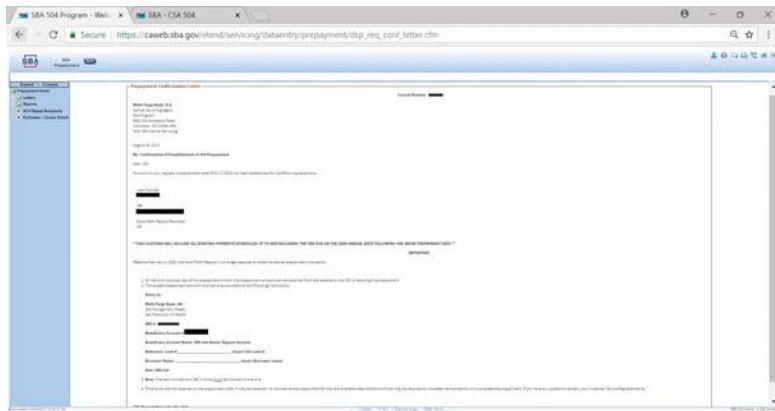
Loan Program	Loan Number	Borrower Name	Prepay Date	Action	SFD Recvng	Status
504	[Redacted]	[Redacted]	01/21/2009		N	Open
504	[Redacted]	[Redacted]	01/24/2009		N	Open
504	[Redacted]	[Redacted]	04/18/2009		N	Open
504	[Redacted]	[Redacted]	04/18/2009		N	Open
504	[Redacted]	[Redacted]	03/21/2009		N	Open
504	[Redacted]	[Redacted]	03/21/2009		N	Open
504	[Redacted]	[Redacted]	01/21/2009		N	Open
504	[Redacted]	[Redacted]	01/21/2009		N	Open

2. Follow step 1 to 4 from above.
3. The screen will read that the record has saved when completed.

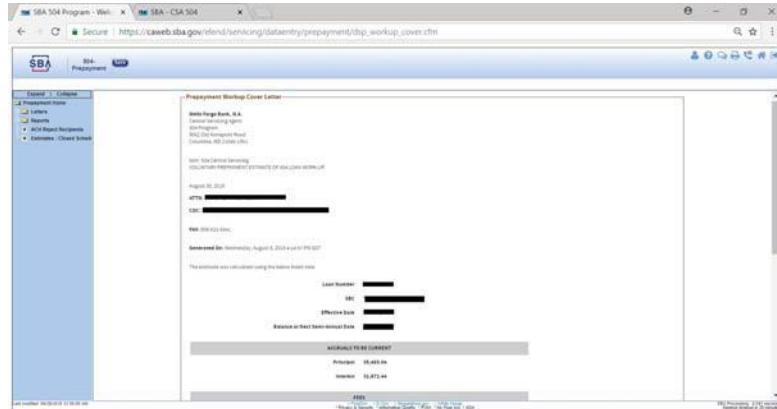
2. Under the Letters tab on the left-hand side of the page, there are the following selections: "Prepayment Confirmation Letter," "Prepayment Cancellation Letter," "Work-up Cover Letter," "Transcript History," and "Prepayment Release Letter."



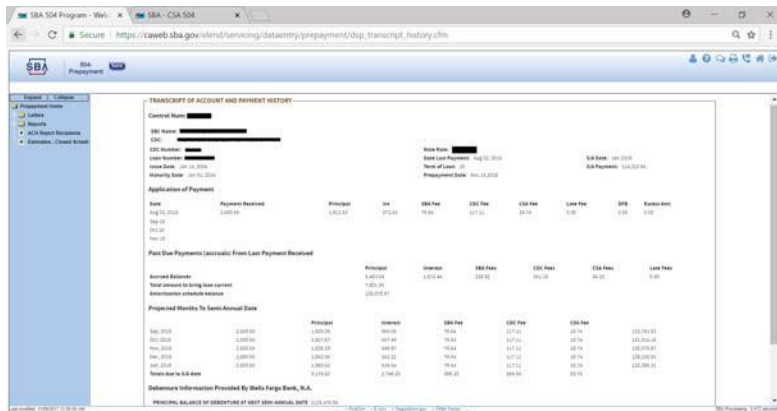
- a. Prepayment Confirmation Letter: Generated when user has scheduled a prepayment. User enters loan number, scheduled prepayment date, and "Prepayment Actual" under Request Type. The letter does not include prepayment amounts, but confirms the prepayment date and provides wiring instructions.



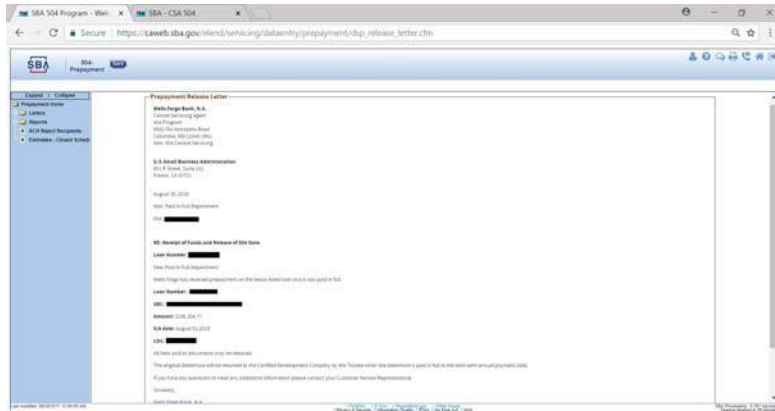
- b. Prepayment Cancellation Letter: In order to generate a Prepayment Cancellation Letter, the user first needs to go Prepayment Home Page and enter the loan number and prepayment date and click Add New Loan. On the next screen, the user should select "Cancelled" from the status drop-down. Once the request has been processed, the user can generate the Cancellation Letter.



- c. Work-up Cover Letter: The Work-up Cover Letter shows the details of the prepayment estimate or the actual prepayment amount, if applicable.
- d. Transcript History: The Transcript of Account and Payment History shows the application of the last payment received, accrued amounts since the last payment, and the detail of payments due until the next semi-annual date.

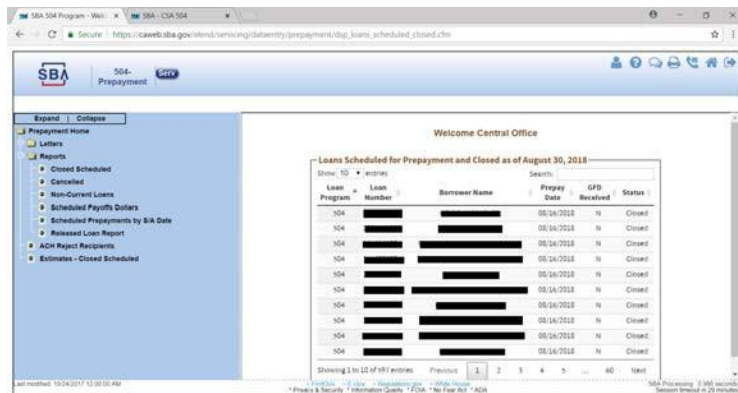


- e. Prepayment Release Letter: The Release Letter can be generated within 2-3 days following the prepayment of the loan. The CDC should forward the letter to the SBA Loan Servicing Center.



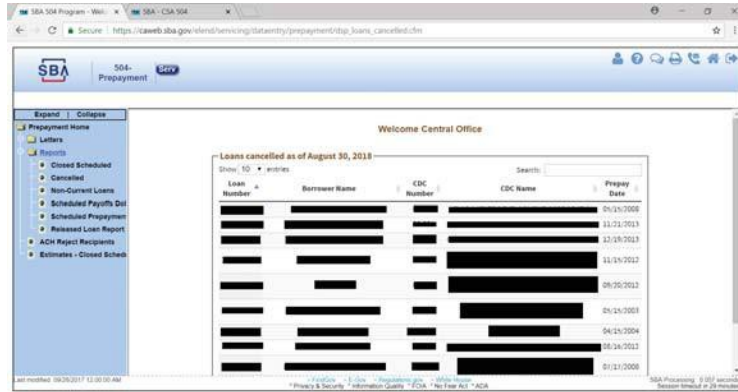
- 3. Reports: Under the report tab on the left-hand side of the page, there are following sections.

- a. Closed Scheduled: After a CDC views the Work-up Cover Letter, the loan will move from the Open Scheduled list to the Closed Scheduled list. This does not mean that the loan has prepaid, only that the Work-up has been accessed.





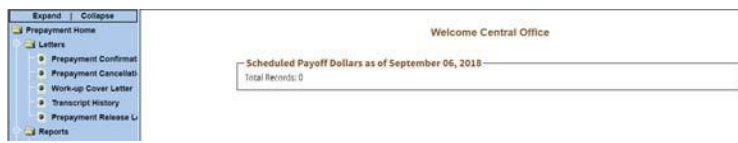
- b. Canceled: Shows loans which were scheduled for prepayment and subsequently canceled.



- c. Non-current: Identifies loans currently scheduled for prepayment which are non-current.



- d. Schedule Payoff Dollars: Shows the loans that have had their Work-up Cover Letters opened and the total prepay amount for each of those loans.



- e. Schedule Prepayment by S/A Date: Shows all loans for which the CDC has scheduled a prepayment date with the CSA after entering in a select S/A date period.





f. Wire Dashboard: Shows all prepayment wires that have been received by the CSA.

The Wire Dashboard displays a table of prepayment wires. The table includes columns for Loan Number, GFD, Borrower Name, Seen Annual Date, Amount Due, Wire Amount Received, Date Received, and Sufficient Funds to Payoff Loan. The data is filtered for September 2018, with the last update on 09/13/2018 at 11:32:05 AM. The table shows multiple entries with varying amounts and dates.

4. On the left-hand side, the Estimates - Closed Scheduled list shows all loans that have had their estimate Work-up Cover Letters opened.

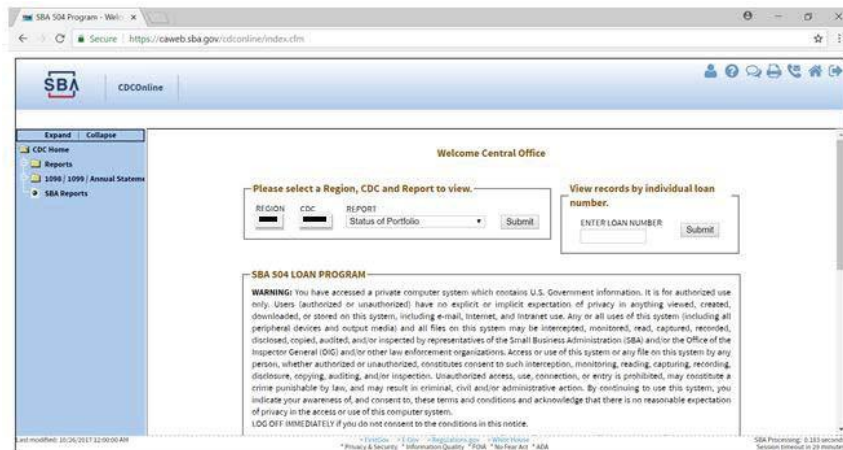
The screenshot shows the 'Estimates - Closed Scheduled' section of the loan detail information. The main area displays a table of loans with columns for Loan Program, Loan Number, Borrower Name, Prepay Date, Action, GFD Received, and Status. Two entries are visible, both with a status of 'Closed' and a prepay date of 09/20/2018.

F. Loan Detail Information:

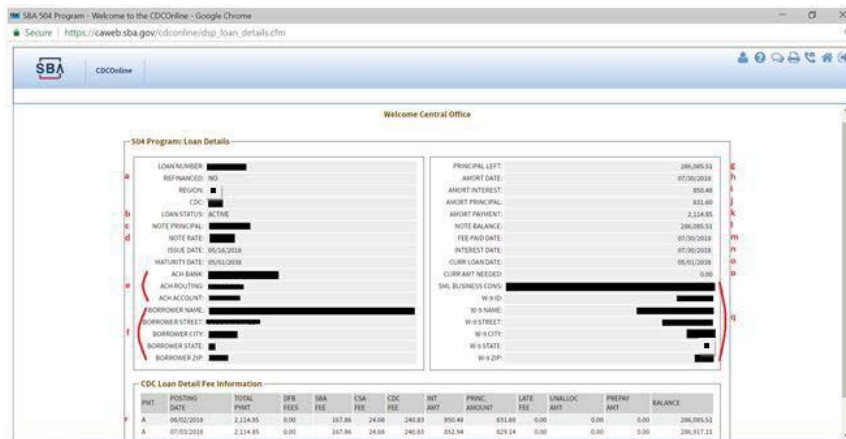
1. Select CDC Online on the Loan dropdown menu.



2. Enter the loan number and select "Submit."



3. Explanation of items in the Loan Detail (current loan):



- Refinanced: Indicates if the loan was funded as part of the 504 Refinance program.
- Loan Status: Indicates whether loan is Active, Prepaid, Paid Off (matured), or Accelerated.
- Note Principal: Original balance of the loan.
- Note Rate: Rate stated on the 504 Note. The 504 note rate does not include the impact of fees (the effective rate).
- ACH information: Shows the bank, routing number, and account number from which payments will be debited monthly.
- Borrower information: Identifies the borrowing entity and mailing address for the borrower.
- Principal Left: Indicates the principal balance per the amortization schedule as of the amortization date in the next field

- h. Amort Date: Identifies the date in the amortization schedule which should match the current loan balance and fee dates (if the loan is current).
- i. Amort Interest: Reflects the amount of interest that should have been applied in the most recent payment per the amortization schedule as of the Amort Date above (assuming the loan is current).
- j. Amort Principal: Reflects the amount of principal that should have been applied in the most recent payment per the amortization schedule as of the Amort Date above (assuming the loan is current).
- k. Amort Payment: Reflects the total payment amount including fees that should have been applied in the most recent payment per the amortization schedule as of the Amort Date above (assuming the loan is current).
- l. Note Balance: Shows the current balance of the note and should match the most recent entry in the balance column of the payment details.
- m. Fee Paid Date: Indicates the date through which fees have been paid. The date should match the Amort Date if the loan is current.
- n. Interest Date: Indicates the date through which interest has been paid. The date should match the Amort Date if the loan is current.
- o. Curr Loan Date: Shows the maturity date of the loan.
- p. Curr Amount Needed: Shows the amount required to bring the loan current. If \$0.00 is shown, then the loan is current. The amount shown includes late fees.
- q. W-9 Information: Reflects the name, Tax ID, and address information which will be used for tax reporting purposes. In most cases, the W-9 information matches the borrower information.
- r. Payment Details: Shows the history of payments on the loan and how each payment was applied. Payments are identified by the following abbreviations:
  - 1. A: ACH payment;
  - 2. AR: ACH reject;
  - 3. W: Wired payment;
  - 4. C: Check payment;
  - 5. X: Adjustment or returned check;
  - 6. CC: System adjustment by CAFS.
  - 7. \*: CARES Act Sec 1112 Payment

4. Explanation of items shown on a non-current loan:

LOAN NUMBER: [REDACTED]	PRINCIPAL LEFT: 231,560.18 <sup>b</sup>
REFINANCED: NO	AMORT DATE: 08/30/2018
REGION: [REDACTED]	AMORT INTEREST: 952.10
CDC: [REDACTED]	AMORT PRINCIPAL: 3,752.27
LOAN STATUS: ACTIVE	AMORT PAYMENT: 5,019.34
NOTE PRINCIPAL: 723,000.00	NOTE BALANCE: 239,225.26 <sup>c</sup>
NOTE RATE: 4.85533	FEE PAID DATE: 06/30/2018 <sup>d</sup>
ISSUE DATE: 04/16/2003	INTEREST DATE: 06/30/2018 <sup>e</sup>
MATURITY DATE: 04/01/2023	CURR LOAN DATE: 04/01/2023
ACH BANK: [REDACTED]	<b>CURR AMT NEEDED: 10,690.33</b>
ACH ROUTING: [REDACTED]	SML BUSINESS CONS: [REDACTED]
ACH ACCOUNT: [REDACTED]	W-9 ID: [REDACTED]
BORROWER NAME: [REDACTED]	W-9 NAME: [REDACTED]
BORROWER STREET: [REDACTED]	W-9 STREET: [REDACTED]
BORROWER CITY: [REDACTED]	W-9 CITY: [REDACTED]
BORROWER STATE: [REDACTED]	W-9 STATE: [REDACTED]
BORROWER ZIP: [REDACTED]	W-9 ZIP: [REDACTED]

CDC Loan Detail Fee Information												
PMT	POSTING DATE	TOTAL PYMT	DFB FEES	SBA FEE	CSA FEE	CDC FEE	INT AMT	PRINC. AMOUNT	LATE FEE	UNALLOC AMT	PREPAY AMT	BALANCE
W	07/11/2018	10,038.68	314.97	0.00	0.00	0.00	1,003.22	8,720.49	0.00	0.00	0.00	239,225.26
AR	07/03/2018	314.97	0.00	85.52	20.86	208.59	0.00	0.00	0.00	0.00	0.00	247,945.75
A	06/04/2018	5,019.34	314.97	85.52	20.86	208.59	2,025.56	2,363.84	0.00	0.00	0.00	247,945.75
AR	05/02/2018	314.97	0.00	85.52	20.86	208.59	0.00	0.00	0.00	0.00	0.00	250,309.59
W	04/17/2018	5,276.18	0.00	0.00	0.00	0.00	0.00	5,276.18	0.00	0.00	0.00	250,309.59
A	04/03/2018	5,276.18	0.00	310.52	75.74	757.36	2,084.83	2,047.73	0.00	0.00	0.00	255,585.77
W	02/13/2018	5,276.18	0.00	155.26	37.87	378.68	1,057.17	3,647.20	0.00	0.00	0.00	257,633.50

- a. ACH Information: If the loan is not current and no longer on ACH, the ACH information will be blank.
- b. Principal Left: This amount will show what the remaining principal would be if the loan were current as of the Amort Date and will be lower than the Note Balance for a non-current loan.
- c. Note Balance: Shows the actual balance of the loan.
- d. Fee Paid Date: Shows the date through which fees are paid. The number of months between the Amort Date and the Fee Paid Date reflects the number of months of fees past due.
- e. Interest Date: Shows the date through which interest is paid. The number of days between the Amort Date and the Interest Date reflects the number of days of past due interest.
- f. Curr Amt Needed: Shows the amount the borrower would have to pay to bring the loan current (to the Amort Date).
- g. The application of funds for the payment made April 2018: Shows that two months of fees were paid, with the remainder to past due interest until not enough funds remained for a day's worth of interest.
- h. Funds are posted to DFB (Due From Borrower) fees when an adjustment is made to reverse a payment (ACH reject, bounced check, etc.) that included payment of fees. The DFB is created to track fees that were paid to all parties (SBA, CDC, CSA) prior to the reversal of the payment. When a DFB is created, the next payment will be applied to any outstanding DFB's prior to application to any other amounts due.

G. Reports are described in detail in the next chapter.

# 11 CSA Reports

## 1. Revision History\*

Section	Revision Description	Date
N/A	Original Published Guidelines	4/1/2015
4	Updated Links, Screen Shots and Narrative to Access Various CDC Reports	10/1/2018
3	Added Screen Shots and Narrative on New Reports and Miscellaneous Narrative Edits	12/30/2020

\*Table above indicates revisions and updates made to Manual

## 2. Responsibilities

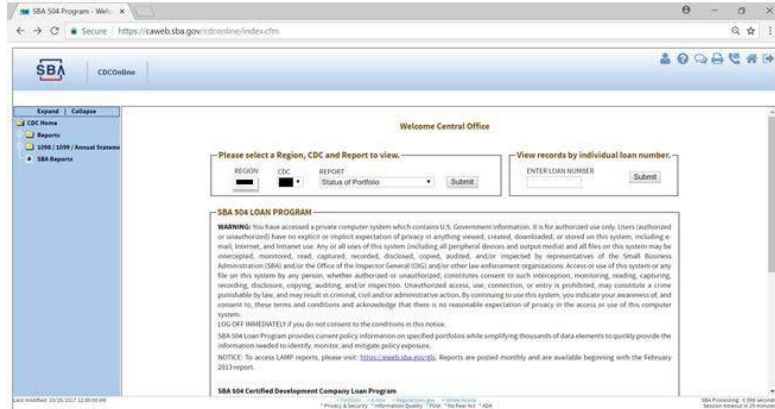
- A. The CSA is responsible to properly account for and report all transactions. All software and technical data are the property of SBA, including new software and upgrades.
- B. The CSA is responsible for providing the five-day, 15-day, 45-day, and 65-day delinquency reports, as well as the CDC Status of Portfolio Report, Non-Current Report, and Application of Funds Report.
- C. The CSA is responsible for providing the CDC with a statement of interest expense paid during the year and the loan balance at the end of the calendar year for each borrower serviced by the CDC.
- D. The CSA is responsible for complying with tax reporting requirements as they relate to IRS Form 1098 and 1099 reporting.

## 3. General Reporting Information

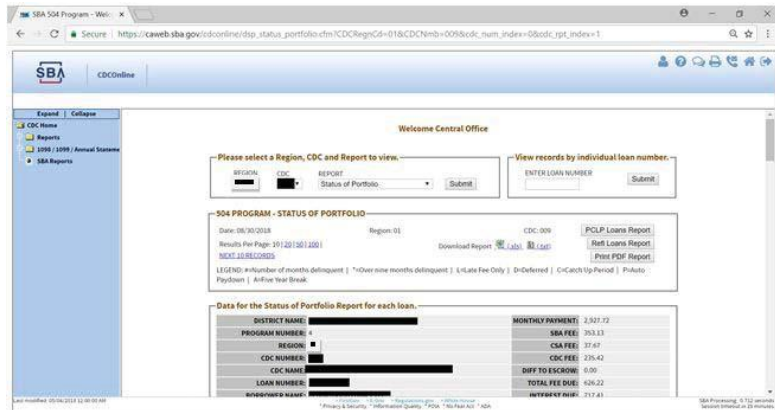
- A. The following reports are generated once per month:

1. Status of Portfolio;
  2. Status of Portfolio-Non Current;
  3. Application of Funds;
  4. Funding Statement;
  5. Amortization Schedules;
  6. Funding-Conformed Copies;
  7. 45 Days Delinquent;
  8. 65 Days Default;
  9. Late Fee Assessed;
  10. Late Fees Disbursed;
  11. Late Report;
  12. Loans with no ACH;
  13. Float Report; and
  14. Check Request.
- B. The following reports are generated multiple times each month based on activity:
1. ACH Reject;
  2. Payout Statement;
  3. Loan Funding Status; and
  4. Prepayment Wire Dashboard.
- C. The statement name used in reports (other than 1098 tax statements) is derived from the "Statement Name" identified by the CDC in the Servicing Agent Agreement. If the Statement Name is blank, the borrower name is used. The CDC may request a change in the statement name by sending an email to the CSA.
- D. Reports provided by the CSA to the SBA will show the borrower name rather than the Statement Name.
- E. Some reports include a column for "escrow" or "unallocated". If an amount is shown in the unallocated account in a report, it is the CDC's responsibility to communicate with the CSA to determine the disposition of the funds. Typically funds are held in unallocated when funds sent by the borrower did not satisfy all payment categories, or an excess was paid on a delinquent loan.
- F. Accessing a report by clicking directly on the report name displays the data in a web browser and provides an option to export to txt or Excel. Accessing a report by clicking on the "Report Download" menu sends the data directly to the desired output. The Report Download option is available for the Status of Portfolio, Application of Funds, 45 Day Delinquent, and 65 Day Default reports.
4. Reports
- A. Status of Portfolio

1. The Status of Portfolio Report is generated on the second of the month and reflects information up to the end of the prior month. For example, the report generated October 2 will show information as of September 30.
2. The report shows the loan balance for all loans in the CDC's portfolio (excluding repurchased loans), sorted by loan name. Information includes the monthly payment amount and the loan status.
3. The report may be accessed either from the "Status of Portfolio" link near the top of the screen or from the Report Download menu.



- a. If the report is accessed from the "Status of Portfolio" link, the loans will be shown in increments of 10 loans. The user can change the number of loans displayed per page to 20, 50, or 100.





1. The user may click on a loan number to view the Loan Detail for the loan. The user also has the option to print or download the report from the screen.
2. The Last Payment Date will only show the payments made through end of the prior month. To see if a payment was made subsequent to the last payment date, the user should view the Loan Detail.
3. Status abbreviations are defined at the top of the report page.
4. The print button will open a window with a printer-friendly report.
5. In order to further sort or group the data, the user may export to Excel or to a text file

c. If the report is accessed from the Report menu, the user will select from xls or txt format and save the report download.

The screenshot shows a data table with columns labeled A through Z. The rows contain numerical and alphanumeric data, likely representing loan details or financial metrics. The table is densely packed with information, including what appears to be loan numbers, dates, and various financial figures.

### B. Status of Portfolio-Noncurrent

1. The report may be accessed from the "Status of Portfolio-NonCurrent" link near the top of the screen.
2. The report is generated on the 2nd of the month and reflects loans that were noncurrent as of the end of the prior month.
3. The format of the report and export options are identical to the Status of Portfolio report as described above in 4 A.3 a.
4. The number of payments the borrower is past due is derived by dividing the Total Due less late fees by the Monthly Payment. The resulting number is rounded up to the next number.



### C. Application of Funds

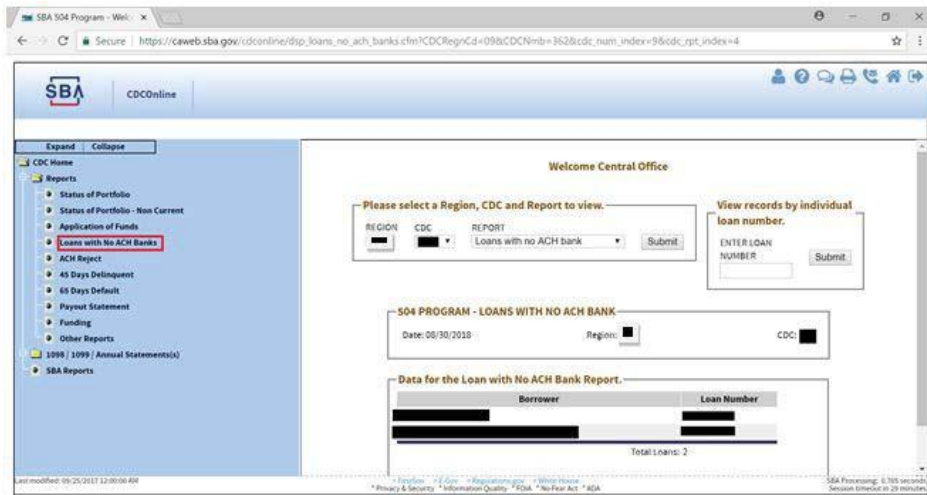
**Data for the App Funds for each loan.**

<b>LOAN NUMBER:</b>	
<b>DISTRICT NAME:</b>	
<b>CDC NAME:</b>	
<b>RECEIVED DATE:</b>	08/02/2018
<b>SBA FEE:</b>	2.88
<b>CSA FEE:</b>	15.98
<b>CDC FEE:</b>	159.77
<b>INTEREST APPLIED:</b>	805.59
<b>PRINCIPAL APPLIED:</b>	1,250.92
<b>DIFF TO ESCROW:</b>	0.00

[Top of Report](#)

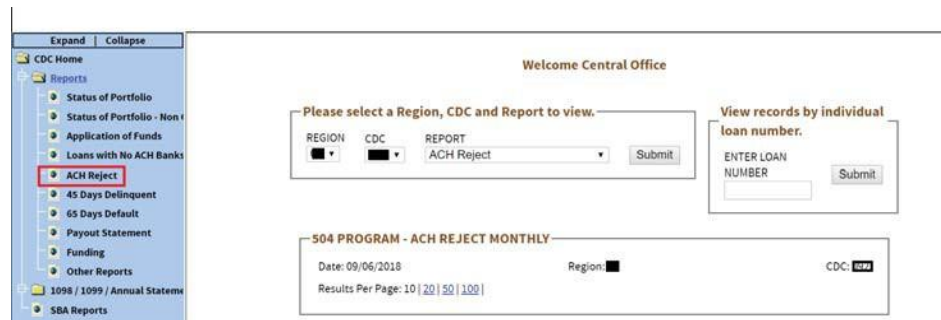
1. The report may be accessed either from the "Application of Funds" link near the top of the screen or from the Report Download menu. The views and options are the same as described for the Status of Portfolio.
2. The Application of Funds report is generated on the second of the month and reflects information up to the end of the prior month. For example, a report generated on October 2 will show information as of September 30.
3. Loans in the report are listed in alphabetical order by the Statement Name (as identified in the Servicing Agent Agreement).
4. The report shows the payments applied to principal, interest, and fees for each loan in the portfolio. It should be noted that the CDC fee reflects the gross CDC fee (inclusive of SBA's 1/8th) and not the actual fee paid to the CDC.
5. The report will show late fees applied if applicable for the last payment, but will not show late fees currently owed by the borrower.
6. If a borrower failed to make a payment during the month of the report, the loan will not show in the report.
7. If a borrower's ACH payment rejected during the month of the report, the loan will show on the report if the fees were advanced by the CSA (fees are advanced when the borrower is on ACH unless the borrower is 2 payments past due).
8. If a borrower makes more than one payment during the month or has an ACH reject plus a wire/check, the loan will be shown twice in the report, once for each transaction.

#### D. Loans with no ACH bank



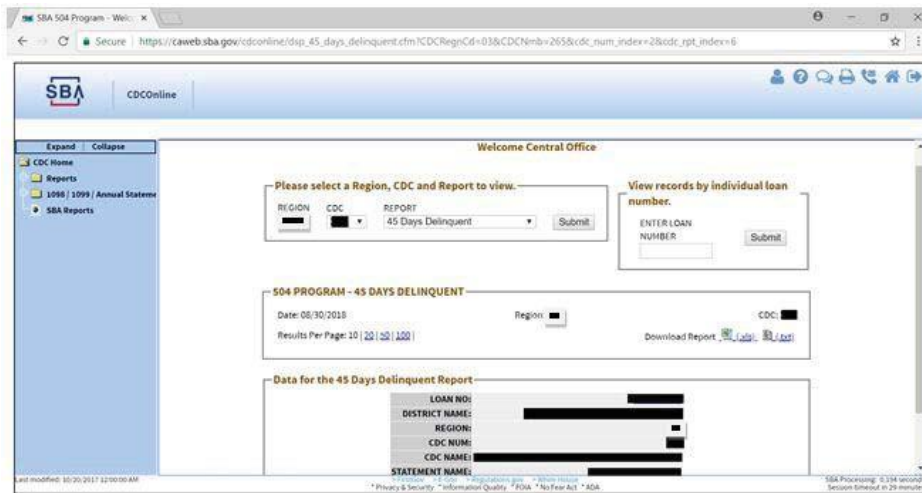
1. The report may be accessed from the "Loan with No ACH Bank" link near the top of the screen.
2. The report lists all loans in the CDC portfolio which are not currently paid via ACH.
3. The report is generated on the 2nd of each month and reflects loans that were not set up on ACH as of the end of the prior month.

#### E. ACH Rejects



1. The report may be accessed from the "ACH Reject" link near the top of the screen.
2. The report is generated by the 5th of the month and reflects payments that rejected on the 2nd of the month.
3. Additional reports may be generated during the month for any payments rejected subsequent to the debit attempt.
4. The report lists each loan with a payment reject on the Rejected Date, indicates the reason for the reject and whether or not the ACH has been deleted.
5. If the ACH has been deleted, the CDC should obtain a new executed debit authorization form in order to reinstate the ACH. After two unsuccessful debits, the ACH information is removed.

#### F. 45 Days Delinquent



1. The report may be accessed from the "45 Day Delinquent" link near the top of the screen or the Download Reports menu.
2. The report lists all loans which were 45 days or more delinquent as of the end of the prior month and includes the total amount due, the number of payments due, the next semi-annual date, and whether or not the loan was funded under the Debt Refi program.
3. For purposes of the report, 45 days delinquent is defined as 2 payments owed as of the end of the prior month. For example, if a borrower did not pay in August or September, the loan would appear on the report released on October 2.
4. The report is generated on the 2nd of each month.
5. The user can click on a loan number to view the loan detail for a loan.
6. The report can be printed or downloaded to either Excel or a text file.
7. The report is used by SBA to identify the loans requiring a quarterly 45-day delinquency status report.

## G. 65 Days Delinquent

Expand Collapse

CDC Home

- Reports
- 1098 / 1099 / Annual Statements
- SBA Reports

Welcome Central Office

Please select a Region, CDC and Report to view.

REGION: [REDACTED] CDC: [REDACTED] REPORT: 65 Days Default [Submit]

View records by individual loan number.

ENTER LOAN NUMBER: [ ] [Submit]

504 PROGRAM - 65 DAYS DEFAULT

Date: 09/06/2018 Region: [ ] CDC: [REDACTED]

Results Per Page: 10 | 20 | 50 | 100

Download Report: [ ] / .xls [ ] / .txt

1. The report may be accessed from the "65 Day Delinquent" link near the top of the screen or the Download Reports menu.
2. The report lists all loans which were 65 days or more delinquent as of the 20th of the month or the first business day following the 20th. The report includes the same information as the 45 day report.
3. For purposes of the report, 65 days delinquent is defined as 3 payments owed as of the 20th of the month.
4. The report is generated on the 20th of each month.
5. User options are the same as described for the 45 day report
6. The report is used by SBA to identify the loans which should be accelerated unless the CDC has submitted a workout plan to SBA.

## H. Payout Statement

SBA 504 Program - Web

Secure | https://caweb.sba.gov/cdc/online/dsp\_payout\_stmt\_report.cfm?payDate=08%2F02%2F2018&submit=Submit&scrtoken=24880F8E011F91F4928F54306539A9C9468

SBA CDCOnline

Expand Collapse

CDC Home

- Reports
- Status of Portfolio
- Status of Portfolio - Non Current
- Application of Funds
- Loans with No ACH Banks
- ACH Reject
- 45 Days Delinquent
- 65 Days Default
- Payout Statement
- Funding
- Other Reports
- 1098 / 1099 / Annual Statements(s)
- SBA Reports

Welcome Central Office

Please select a Region, CDC and Report to view.

REGION: [REDACTED] CDC: [REDACTED] REPORT: Payout Statement [Submit]

View records by individual loan number.

ENTER LOAN NUMBER: [ ] [Submit]

504 PROGRAM - PAYOUT STATEMENT REPORT

Date: 08/30/2018 Region: [ ] CDC: [REDACTED] Select Payout Date: 08/02/2018 [Submit]

LEGEND: \* Includes more than one month fees.

Data for the Payout Statements 08/02/2018

Loan Number	Statement Name	Loan Amount	CDC SBA Fee Withheld	CDC Fee
[REDACTED]	[REDACTED]	\$270,000.00	\$28.12	\$140.63
[REDACTED]	[REDACTED]	\$1,993,000.00	\$185.93	\$829.69

last modified: 09/25/2017 12:00:00 AM

Privacy & Security \* Information Quality \* FOIA \* No Fear Act \* ADA

SBA Processing: 6,363 records. Session timeout in 29 minutes.

1. The report may be accessed from the "Payout Statement" link near the top of the screen.
2. The report shows the funds paid to the CDC on the date of the report, net of the SBA's portion of the CDC fee.
3. The report is generated on the 2nd day of the month for all loans on ACH, but may be issued multiple times per month based on the receipt of additional loan payments. For payments received throughout the month, the CSA typically pays out the fees to the CDC on the Friday following receipt of the payment. If a payment is received during the week and the month ends prior to Friday, payment will be made on the last day of the month.

I. Funding

1. Reports related to the monthly funding may be accessed from the "Funding" link near the top of the screen.
2. Options under Funding
  - a. Amortization Schedule: User enters the funding date to generate the amortization schedules for the loans funded on the funding date. The debenture amortization schedules and prepayment premium schedules are available on the Trustee's 504 Debenture Analytics website. The CDC should send a copy of the note amortization schedule to the borrower.

SBA 504 PROGRAM - Amortization Schedule - August 2018

Loan Number: [REDACTED]

Month	No	Interest	Principal	Balance	SBA	CDC	CSA	Payment
SEP 18	001	\$191.42	\$191.96	\$119,240.04	\$95.77	\$93.23	\$14.92	\$1,293.50
OCT 18	002	\$192.31	\$193.02	\$117,731.23	\$95.77	\$93.23	\$14.92	\$1,293.50
NOV 18	003	\$193.22	\$193.76	\$117,220.47	\$95.77	\$93.23	\$14.92	\$1,293.50
DEC 18	004	\$193.27	\$193.11	\$116,708.36	\$95.77	\$93.23	\$14.92	\$1,293.50
JAN 19	005	\$193.12	\$193.66	\$116,194.70	\$95.77	\$93.23	\$14.92	\$1,293.50
FEB 19	006	\$193.21	\$193.21	\$115,679.49	\$95.77	\$93.23	\$14.92	\$1,293.50
MAR 19	007	\$193.60	\$193.18	\$115,162.71	\$95.77	\$93.23	\$14.92	\$1,293.50

- b. Conformed Copy: User enters the funding date to generate the conformed copy of the Note. User can select all loans funded on the funding date or individual loans. The conformed copy shows the note interest rate, P&I amount, and monthly payment (blank in the signed version). The CDC should provide a copy to the borrower.

- c. Funding Statement: User enters the funding date to generate the list of loans funded, showing the gross debenture, CDC fee, closing costs, balance to borrower, and the amount of the 3rd party lender fee withheld from the CDC's payment, if applicable.

**Funding Statement - August 2018**

Funding Statement - August 2018					
Loan Number	Borrower	Debiture Amount	CDC Fee	Closing Costs	Balance To Borrower
[REDACTED]	[REDACTED]	\$179,000.00	\$2,580.00	\$2,900.00	\$774.00
	Lender SBA Fee Withheld		\$1,075.00		
				ACH Credit: \$4,005.00	
					* Fee paid by CAIP/NAD Bank

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- d. Loan Funding Status: User selects the funding date to generate the list of loans that have been received by the CSA for the upcoming funding date. The report will also show the Status of each loan - "Reviewing in Progress" (CSA is still reviewing the loan or there could be an unresolved Funding Alert), or "Set to Fund".

Report for 10/2019 as of 09/19/2019 - Total Records: 8

Export All Records to Excel | Export Filtered Records to Excel

CDC	Loan	Borrower	Status
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress
[REDACTED]	[REDACTED]	[REDACTED]	Review in Progress

Show 10 entries  
Showing 1 to 8 of 8 entries

Please contact CSA at 855-572-1637 if there are any questions regarding this report.

J. Other Reports

1. Miscellaneous Reports may be accessed from the "Other Reports" link near the top of the screen.
2. Options under Other Reports

- a. Float Report - User enters the float payment date to generate the details of the float payment to the CDC.

**FLOAT REPORT** May 03, 2018

Dear CDC: 03- [REDACTED]

Semi-Annual Float Interest Payment for October 1, 2017 thru March 31, 2018

Pro rata share of the interest earned on your borrower's monthly payments	[REDACTED]
Pro rata share of the interest earned on your borrower's monthly prepayments	[REDACTED]
Balance due to the CDC Resulting from loan prepayments	[REDACTED]
ACH Credit Amount	[REDACTED]

An ACH credit for the above amount has been issued.

The Pro Rata calculation is based on the average daily balance maintained by borrower's during current period.

If you have any questions, please call Wells Fargo. at 1-855-572-1637.

1. The report and associated ACH credit (the CDC elects how the float payment is received) are generated semi-annually, the 2nd week of May and the 2nd week of November for periods ending March 31st and September 30th, respectively.
2. The float payment is comprised of three components:
  - a. the CDC's prorata share of interest earned on the monthly payments, held until the semi-annual debenture date
  - b. the CDC's prorata share of interest earned on loan prepayments, held until the semi-annual debenture date
  - c. the difference between the outstanding note balance and the outstanding debenture balance at the time of prepayment.
3. Funds related to the float are held in an escrow subaccount of the Master Reserve Account (MRA) by the CSA. The CSA tracks each loan for each CDC in the subaccount and is responsible for calculating each CDC's prorata share of interest earned in the account.

- b. Late Report: Displays payments not received by the 5th of the current month.
- c. Late Fee Assessed: User enters the payment month to view payments that were not made by the 15th, resulting in the assessment of a late fee. If the 15th falls on a weekend, the funds must be received on the Friday preceding the 15th. The CDC is responsible for notifying the borrower of a late fee and for collecting the fee.

**Late Fee Assessed Report - July 16, 2018**

SBA Number	Statement Name	Amount Due	Late Fee Assessed
[REDACTED]	[REDACTED]	\$3,363.55	\$168.18
		\$1,064.90	\$100.00
<b>CDC Total</b>		<b>\$4,428.45</b>	<b>\$268.18</b>

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- d. Late Fees Disbursed: User selects a month from the dropdown menu to view the late fees that were paid by borrowers during that month. The late fees populated on the report will be disbursed to the CDC on the second business day of the following month.

**Late Fees Disbursed Report - July, 2018 | CDC: 09 [REDACTED]**

SBA Number	Borrower	Date Incurred	Date Collected	Amount	Status
[REDACTED]	[REDACTED]	05/16/2018	07/18/2018	\$168.18	
		07/16/2018	07/18/2018	\$168.18	
<b>CDC Total</b>				<b>\$336.36</b>	

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- e. Check Request: Report will display checks that have been issued by the CSA and are currently uncashed by the borrowers and the CDC.

**Check Request Report**  
Last AMP Report Date: 06/26/2018

This report displays all outstanding checks that have not been cashed by your CDC or borrowers. This report is updated on a monthly basis.

Print

Check Number	Issuance Date	Check Amount	Loan Number	Recipient Name	Recipient Street	Recipient City	Recipient State	Recipient Zip	Recipient Tax Link
[REDACTED]	06/11/2018	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	06/27/2018	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- K. Tax Information: Reports related to year-end reporting of interest and fees can be accessed from the tax section at the top of the screen. Upon log-in, select the link named "1098/Annual Statements."



1. 1098 Individual Tax Forms

WELLS FARGO BANK, N.A.  
SBA 504 PROGRAM  
9062 OLD ANNAPOLIS ROAD  
M.A.C. R1204-010  
COLUMBIA, MD 21045-1951

If you have questions contact

Phone: [REDACTED]  
Ext: [REDACTED]

**Instructions for Payer/Borrower**

A person (including a financial institution, a governmental unit, and a cooperative housing corporation) who is engaged in a trade or business and, in the course of such trade or business, received from you at least \$500 of mortgage interest (including certain points) on any one mortgage in the calendar year must furnish this statement to you.

If you received this statement as the payer or recipient on a mortgage on which there are other borrowers, furnish each of the other borrowers with information about the proper distribution of amounts reported on this form. Each borrower is entitled to deduct only the amount he or she paid and points paid by the lender that represent his or her share of the amount allowable as a deduction. Each borrower may have to include in income a share of any amount reported in box 3.

If your mortgage payments were subsidized by a government agency, you may not be able to deduct the amount of the subsidy. See the instructions for Form 1040, Schedule A, C, or E for how to report this mortgage interest. Also, for more information, see Pub. 526 and Pub. 525.

**Payer's/Borrower's identification number.** For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the issuer has reported your complete identification number to the IRS.

**Box 3.** Show the mortgage interest received by the recipient/lender during the year. This amount includes interest on any obligation secured by real property, including a home equity line of credit, or credit card loan. This amount does not include points, government subsidy payments, or seller payments on a

"buydown" mortgage. Such amounts are deductible by you only in certain circumstances. **Caution:** If you prepaid interest in 2015 (but allowed to fall by January 15, 2016), the prepaid interest may be included in box 1. However, you cannot deduct the prepaid amount in 2015 even though it may be included in box 1. If you have a mortgage trust certificate and you claim the mortgage interest credit, see Form 8326. If the interest was paid on a mortgage, home equity, line of credit, or credit card loan secured by your personal residence, you may be subject to a deduction limitation.

**Box 2.** Not all points are reportable to you. Box 2 shows points you or the seller paid this year for the purchase of your principal residence that are required to be reported to you. Generally, these points are fully deductible in the year paid, but you must subtract seller-paid points from the base of your residence. Other points not reported in box 2 may also be deductible. See Pub. 526 to figure the amount you can deduct.

**Box 3.** Do not deduct this amount. It is a refund (or credit) for overpayment(s) of interest you made in a prior year or years. If you itemized deductions in the year(s) you paid the interest, you may have to include part or all of the box 3 amount on the "Other income" line of your 2015 Form 1040. No adjustment to your prior year(s) tax return(s) is necessary. For more information, see Pub. 526 and Itemized Deduction Recovers in Pub. 525.

**Box 4.** The interest recipient may use this box to give you other information, such as the address of the property that secures the debt, real estate taxes, or insurance paid from escrow.

**Future developments.** For the latest information about developments related to Form 1098 and its instructions, visit the legislation enacted after they were published, go to [www.irs.gov/form1098](http://www.irs.gov/form1098).

Taxable State: RI		<input type="checkbox"/> CORRECTED (if checked)	REISSUED STATEMENT	OMB No. 1545-0001 <b>2015</b> Form 1098	<b>Mortgage Interest Statement</b>	
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, county, ZIP or foreign postal code, and telephone number WELLS FARGO BANK, N.A. SBA 504 PROGRAM 9062 OLD ANNAPOLIS ROAD M.A.C. R1204-010 COLUMBIA, MD 21045-1951		<b>Caution:</b> The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.				
RECIPIENT'S federal identification no.	PAYER'S social security number XXX-XX-XXXX	1 Mortgage interest received from payer(s)/borrower(s)*	<b>Copy B For Payer/Borrower</b> The information in boxes 1, 2, and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for the mortgage interest or for these points or because you did not report the refund of interest on your return.			
PAYER'S/BORROWER'S name, street address (including apt. no.), city or town, state or province, country, and ZIP or foreign postal code		2 Points paid on purchase of principal residence				\$ 6,881.40
Account number (see instructions)		3 Refund of overpaid interest				\$
Tracking #: 55000044712073		4				\$
Form 1098 (keep for your records)		5				\$

548023 6-000

- a. User has the option to generate all 1098 forms for a given year or to select a single loan.
- b. 1098 tax forms are generated ONLY for qualifying borrowers per the IRS 1098 instructions. The basis for determining whether a borrower should receive a 1098 is the information provided in the W-9 form. Only qualifying borrowers are individuals and sole proprietors.
- c. 1098 tax forms are sent directly from the CSA to the borrower.
- d. The CDC can generate a copy of the 1098 by entering the tax date and the loan number; or for all loans by leaving the loan number blank.
- e. 1098 tax forms are typically available online after February 1.

2. Annual Statements

SBA 504 PROGRAM 

**ANNUAL STATEMENT**

THE FOLLOWING IS THE INFORMATION AS IT APPEARS IN OUR RECORDS FOR THE CALENDER YEAR 2017

\*\* THIS INFORMATION HAS NOT BEEN REPORTED TO INTERNAL REVENUE SYSTEM \*\*

LOAN NUMBER	██████████
NAME OF THE BORROWER	████████████████████
ADDRESS	████████████████████
TAX ID NUMBER	██████████
TOTAL INTEREST PAID	\$6,275.91
CDC NUMBER	██████
CDC NAME	██

- a. Annual statements are available for all borrowers that made payments during the year. Annual statements show the total interest paid, fees paid, and the balance of the loan as of 12/31.
- b. Annual statements are not mailed by the CSA to the borrower. The CDC should mail the annual statements to the borrowers.
- c. The user can generate individual statements by entering the date and the loan number, or all statements by leaving the loan number blank.
- d. The annual statement has not been reported to the Internal Revenue Service.

3. Annual Statement Worksheet

- a. The annual statement worksheet is generated by the CSA annually to show the borrower name and tax ID as provided in the W-9 form for all borrowers in the portfolio.
- b. The worksheet identifies which borrowers qualify for receipt of the 1098 tax form.
- c. The CDC should review the worksheet annually to verify information.

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# 12 Appendix 1-Payment Examples

## 1. Current Loan - Sample Payment

### A. Amortization Schedule

**Loan Number:** [REDACTED]

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					Years	Per Month
Borrower	[REDACTED]	Amount	\$441,000.00		1 - 5	\$2,938.25
Issue Date	Jan 17 18	Note Rate	2.96978%		6 - 10	\$2,838.54
CDC Number	[REDACTED]	Escrow	\$2,435.87		11 - 15	\$2,723.66
Loan Number	[REDACTED]	Term	20 Years		16 - 20	\$2,590.42

Month	No	Interest	Principal	Balance	SBA	CDC	CSA	Payment
FEB 18	001	\$509.32	\$1,926.55	\$439,073.45	\$235.94	\$229.69	\$36.75	\$2,938.25
MAR 18	002	\$1,086.63	\$1,349.24	\$437,724.21	\$235.94	\$229.69	\$36.75	\$2,938.25
APR 18	003	\$1,083.29	\$1,352.58	\$436,371.63	\$235.94	\$229.69	\$36.75	\$2,938.25
MAY 18	004	\$1,079.94	\$1,355.93	\$435,015.70	\$235.94	\$229.69	\$36.75	\$2,938.25
JUN 18	005	\$1,076.58	\$1,359.29	\$433,656.41	\$235.94	\$229.69	\$36.75	\$2,938.25
JUL 18	006	\$1,073.22	\$1,362.65	\$432,293.76	\$235.94	\$229.69	\$36.75	\$2,938.25
AUG 18	007	\$1,069.85	\$1,366.02	\$430,927.74	\$235.94	\$229.69	\$36.75	\$2,938.25
SEP 18	008	\$1,066.47	\$1,369.40	\$429,558.34	\$235.94	\$229.69	\$36.75	\$2,938.25
OCT 18	009	\$1,063.08	\$1,372.79	\$428,185.55	\$235.94	\$229.69	\$36.75	\$2,938.25
NOV 18	010	\$1,059.68	\$1,376.19	\$426,809.36	\$235.94	\$229.69	\$36.75	\$2,938.25
DEC 18	011	\$1,056.27	\$1,379.60	\$425,429.76	\$235.94	\$229.69	\$36.75	\$2,938.25
JAN 19	012	\$1,052.86	\$1,383.01	\$424,046.75	\$235.94	\$229.69	\$36.75	\$2,938.25
FEB 19	013	\$1,049.44	\$1,386.43	\$422,660.32	\$235.94	\$229.69	\$36.75	\$2,938.25
MAR 19	014	\$1,046.01	\$1,389.86	\$421,270.46	\$235.94	\$229.69	\$36.75	\$2,938.25
APR 19	015	\$1,042.57	\$1,393.30	\$419,877.16	\$235.94	\$229.69	\$36.75	\$2,938.25
MAY 19	016	\$1,039.12	\$1,396.75	\$418,480.41	\$235.94	\$229.69	\$36.75	\$2,938.25
JUN 19	017	\$1,035.66	\$1,400.21	\$417,080.20	\$235.94	\$229.69	\$36.75	\$2,938.25
JUL 19	018	\$1,032.20	\$1,403.67	\$415,676.53	\$235.94	\$229.69	\$36.75	\$2,938.25

- B. Loan Detail: For a current loan, the payment application in the loan detail should match the payment detail shown in the loan amortization.

**504 Program: Loan Details**

LOAN NUMBER: [REDACTED]	PRINCIPAL LEFT: 429,558.34
REFINANCED: NO	AMORT DATE: 08/30/2018
REGION: [REDACTED]	AMORT INTEREST: 1,066.47
CDC: [REDACTED]	AMORT PRINCIPAL: 1,369.40
LOAN STATUS: ACTIVE	AMORT PAYMENT: 2,938.25
NOTE PRINCIPAL: 441,000.00	NOTE BALANCE: 429,558.34
NOTE RATE: 2.96978	FEE PAID DATE: 08/30/2018
ISSUE DATE: 01/17/2018	INTEREST DATE: 08/30/2018
MATURITY DATE: 01/01/2038	CURR LOAN DATE: 01/01/2038
ACH BANK: [REDACTED]	<b>CURR AMT NEEDED: 0.00</b>
ACH ROUTING: [REDACTED]	SML BUSINESS CONS: [REDACTED]
ACH ACCOUNT: [REDACTED]	W-9 ID: [REDACTED]
BORROWER NAME: [REDACTED]	W-9 NAME: [REDACTED]
BORROWER STREET: [REDACTED]	W-9 STREET: [REDACTED]
BORROWER CITY: [REDACTED]	W-9 CITY: [REDACTED]
BORROWER STATE: [REDACTED]	W-9 STATE: [REDACTED]
BORROWER ZIP: [REDACTED]	W-9 ZIP: [REDACTED]

**CDC Loan Detail Fee Information**

PMT	POSTING DATE	TOTAL PYMT	DFB FEES	SBA FEE	CSA FEE	CDC FEE	INT AMT	PRINC. AMOUNT	LATE FEE	UNALLOC AMT	PREPAY AMT	BALANCE
A	09/04/2018	2,938.25	0.00	235.94	36.75	229.69	1,066.47	1,369.40	0.00	0.00	0.00	429,558.34
A	08/02/2018	2,938.25	0.00	235.94	36.75	229.69	1,069.85	1,366.02	0.00	0.00	0.00	430,927.74
A	07/03/2018	2,938.25	0.00	235.94	36.75	229.69	1,073.22	1,362.65	0.00	0.00	0.00	432,293.76
A	06/04/2018	2,938.25	0.00	235.94	36.75	229.69	1,076.58	1,359.29	0.00	0.00	0.00	433,656.41
A	05/02/2018	2,938.25	0.00	235.94	36.75	229.69	1,079.94	1,355.93	0.00	0.00	0.00	435,015.70
A	04/03/2018	2,938.25	0.00	235.94	36.75	229.69	1,083.29	1,352.58	0.00	0.00	0.00	436,371.63

- C. Status Of Portfolio: The Status of Portfolio issued at the beginning of November reflects activity up to the end of October. The details should match the payment made during October in the Loan Detail. For a current loan, the ending balance should match the amortization balance. The amounts due correlate to the payment due on November 1.

<b>DISTRICT NAME:</b> [REDACTED]	<b>MONTHLY PAYMENT:</b> 2,938.25
<b>PROGRAM NUMBER:</b> 4	<b>SBA FEE:</b> 235.94
<b>REGION:</b> [REDACTED]	<b>CSA FEE:</b> 36.75
<b>CDC NUMBER:</b> [REDACTED]	<b>CDC FEE:</b> 229.69
<b>CDC NAME:</b> [REDACTED]	<b>DIFF TO ESCROW:</b> 0.00
<b>LOAN NUMBER:</b> [REDACTED]	<b>TOTAL FEE DUE:</b> 502.38
<b>BORROWER NAME:</b> [REDACTED]	<b>INTEREST DUE:</b> 1,066.47
<b>ISSUE DATE:</b> 01/17/2018	<b>PRINCIPAL DUE:</b> 1,369.40
<b>MAT DATE:</b> 01/01/2038	<b>LATE FEE DUE:</b> 0.00
<b>LAST PAYMENT DATE:</b> 08/02/2018	<b>TOTAL DUE:</b> 2,938.25
<b>LOAN AMOUNT:</b> 441,000.00	<b>PRINCIPAL LEFT:</b> 430,927.74

D. Application of Funds: For a current loan, the statement shows the application of the payment to principal, interest, and fees for the prior month and should correlate with the amortization schedule (unless there was a previous delinquency on a fee-adjustment date). The amounts are shown in the order of payment application.

<b>LOAN NUMBER:</b>	[REDACTED]
<b>DISTRICT NAME:</b>	[REDACTED]
<b>CDC NAME:</b>	[REDACTED]
<b>RECEIVED DATE:</b>	08/02/2018
<b>SBA FEE:</b>	235.94
<b>CSA FEE:</b>	36.75
<b>CDC FEE:</b>	229.69
<b>INTEREST APPLIED:</b>	1,069.85
<b>PRINCIPAL APPLIED:</b>	1,366.02
<b>DIFF TO ESCROW:</b>	0.00

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- 2. Past Due Loan - Sample Payment
  - A. Amortization Schedule

Loan Number: [REDACTED]

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		Years	Per Month
Borrower	[REDACTED]	Amount	\$514,000.00
Issue Date	Mar 17 10	Note Rate	4.25491%
CDC Number	[REDACTED]	Escrow	\$3,178.21
Loan Number	[REDACTED]	Term	20 Years

JAN 17	082	\$1,367.83	\$1,810.38	\$383,953.56	\$0.00	\$219.97	\$35.19	\$3,433.37
FEB 17	083	\$1,361.41	\$1,816.80	\$382,136.76	\$0.00	\$219.97	\$35.19	\$3,433.37
MAR 17	084	\$1,354.96	\$1,823.25	\$380,313.51	\$0.00	\$219.97	\$35.19	\$3,433.37
APR 17	085	\$1,348.50	\$1,829.71	\$378,483.80	\$0.00	\$219.97	\$35.19	\$3,433.37
MAY 17	086	\$1,342.01	\$1,836.20	\$376,647.60	\$0.00	\$219.97	\$35.19	\$3,433.37
JUN 17	087	\$1,335.50	\$1,842.71	\$374,804.89	\$0.00	\$219.97	\$35.19	\$3,433.37
JUL 17	088	\$1,328.97	\$1,849.24	\$372,955.65	\$0.00	\$219.97	\$35.19	\$3,433.37
AUG 17	089	\$1,322.41	\$1,855.80	\$371,099.85	\$0.00	\$219.97	\$35.19	\$3,433.37
SEP 17	090	\$1,315.83	\$1,862.38	\$369,237.47	\$0.00	\$219.97	\$35.19	\$3,433.37
OCT 17	091	\$1,309.23	\$1,868.98	\$367,368.49	\$0.00	\$219.97	\$35.19	\$3,433.37
NOV 17	092	\$1,302.60	\$1,875.61	\$365,492.88	\$0.00	\$219.97	\$35.19	\$3,433.37
DEC 17	093	\$1,295.95	\$1,882.26	\$363,610.62	\$0.00	\$219.97	\$35.19	\$3,433.37
JAN 18	094	\$1,289.28	\$1,888.93	\$361,721.69	\$0.00	\$219.97	\$35.19	\$3,433.37
FEB 18	095	\$1,282.58	\$1,895.63	\$359,826.06	\$0.00	\$219.97	\$35.19	\$3,433.37
MAR 18	096	\$1,275.86	\$1,902.35	\$357,923.71	\$0.00	\$219.97	\$35.19	\$3,433.37
APR 18	097	\$1,269.11	\$1,909.10	\$356,014.61	\$0.00	\$219.97	\$35.19	\$3,433.37
MAY 18	098	\$1,262.34	\$1,915.87	\$354,098.74	\$0.00	\$219.97	\$35.19	\$3,433.37
JUN 18	099	\$1,255.55	\$1,922.66	\$352,176.08	\$0.00	\$219.97	\$35.19	\$3,433.37
JUL 18	100	\$1,248.73	\$1,929.48	\$350,246.60	\$0.00	\$219.97	\$35.19	\$3,433.37
AUG 18	101	\$1,241.89	\$1,936.32	\$348,310.28	\$0.00	\$219.97	\$35.19	\$3,433.37
SEP 18	102	\$1,235.02	\$1,943.19	\$346,367.09	\$0.00	\$219.97	\$35.19	\$3,433.37
OCT 18	103	\$1,228.13	\$1,950.08	\$344,417.01	\$0.00	\$219.97	\$35.19	\$3,433.37
NOV 18	104	\$1,221.22	\$1,956.99	\$342,460.02	\$0.00	\$219.97	\$35.19	\$3,433.37
DEC 18	105	\$1,214.28	\$1,963.93	\$340,496.09	\$0.00	\$219.97	\$35.19	\$3,433.37



B. Loan Detail

**504 Program: Loan Details**

LOAN NUMBER: [REDACTED]	PRINCIPAL LEFT: 346,367.09
REFINANCED: NO	AMORT DATE: 08/30/2018
REGION: [REDACTED]	AMORT INTEREST: 1,235.02
CDC: [REDACTED]	AMORT PRINCIPAL: 1,943.19
LOAN STATUS: ACTIVE	AMORT PAYMENT: 3,433.37
NOTE PRINCIPAL: 514,000.00	NOTE BALANCE: 350,246.60
NOTE RATE: 4.25491	FEE PAID DATE: 07/30/2018
ISSUE DATE: 03/17/2010	INTEREST DATE: 06/30/2018
MATURITY DATE: 03/01/2030	CURR LOAN DATE: 03/01/2030
ACH BANK: [REDACTED]	<b>CURR AMT NEEDED: 7,045.28</b>
ACH ROUTING: [REDACTED]	SML BUSINESS CONS: [REDACTED]
ACH ACCOUNT: [REDACTED]	W-9 ID: [REDACTED]
BORROWER NAME: [REDACTED]	W-9 NAME: [REDACTED]
BORROWER STREET: [REDACTED]	W-9 STREET: [REDACTED]
BORROWER CITY: [REDACTED]	W-9 CITY: [REDACTED]
BORROWER STATE: [REDACTED]	W-9 STATE: [REDACTED]
BORROWER ZIP: [REDACTED]	W-9 ZIP: [REDACTED]

**CDC Loan Detail Fee Information**

PMT	POSTING DATE	TOTAL PYMT	DFB FEES	SBA FEE	CSA FEE	CDC FEE	INT AMT	PRINC. AMOUNT	LATE FEE	UNALLOC AMT	PREPAY AMT	BALANCE
AR	08/02/2018	255.16	0.00	0.00	35.19	219.97	0.00	0.00	0.00	0.00	0.00	350,246.60
A	07/03/2018	3,433.37	0.00	0.00	35.19	219.97	1,248.73	1,929.48	0.00	0.00	0.00	350,246.60
A	06/04/2018	3,433.37	0.00	0.00	35.19	219.97	1,255.55	1,922.66	0.00	0.00	0.00	352,176.08
A	05/02/2018	3,433.37	0.00	0.00	35.19	219.97	1,262.34	1,915.87	0.00	0.00	0.00	354,098.74
A	04/03/2018	3,433.37	0.00	0.00	35.19	219.97	1,269.11	1,909.10	0.00	0.00	0.00	356,014.61

C. Status of Portfolio

<b>DISTRICT NAME:</b> [REDACTED]	<b>MONTHLY PAYMENT:</b> 3,433.37
<b>PROGRAM NUMBER:</b> 4	<b>SBA FEE:</b> 0.00
<b>REGION:</b> [REDACTED]	<b>CSA FEE:</b> 70.38
<b>CDC NUMBER:</b> [REDACTED]	<b>CDC FEE:</b> 439.94
<b>CDC NAME:</b> [REDACTED]	<b>DIFF TO ESCROW:</b> 0.00
<b>LOAN NUMBER:</b> [REDACTED]	<b>TOTAL FEE DUE:</b> 510.32
<b>BORROWER NAME:</b> [REDACTED]	<b>INTEREST DUE:</b> 2,483.78
<b>ISSUE DATE:</b> 03/17/2010	<b>PRINCIPAL DUE:</b> 3,879.51
<b>MAT DATE:</b> 03/01/2030	<b>LATE FEE DUE:</b> 171.67
<b>LAST PAYMENT DATE:</b> 07/03/2018	<b>TOTAL DUE:</b> 7,045.28
<b>LOAN AMOUNT:</b> 514,000.00	<b>PRINCIPAL LEFT:</b> 350,246.60
<b>Status:</b> 2	<b>TOTALS</b> <span style="float: right;"><b>Top of Report</b></span>

D. Application of Funds

<b>DISTRICT NAME:</b> [REDACTED]	<b>MONTHLY PAYMENT:</b> 3,433.37
<b>PROGRAM NUMBER:</b> 4	<b>SBA FEE:</b> 0.00
<b>REGION:</b> [REDACTED]	<b>CSA FEE:</b> 70.38
<b>CDC NUMBER:</b> [REDACTED]	<b>CDC FEE:</b> 439.94
<b>CDC NAME:</b> [REDACTED]	<b>DIFF TO ESCROW:</b> 0.00
<b>LOAN NUMBER:</b> [REDACTED]	<b>TOTAL FEE DUE:</b> 510.32
<b>BORROWER NAME:</b> [REDACTED]	<b>INTEREST DUE:</b> 2,483.78
<b>ISSUE DATE:</b> 03/17/2010	<b>PRINCIPAL DUE:</b> 3,879.51
<b>MAT DATE:</b> 03/01/2030	<b>LATE FEE DUE:</b> 171.67
<b>LAST PAYMENT DATE:</b> 07/03/2018	<b>TOTAL DUE:</b> 7,045.28
<b>LOAN AMOUNT:</b> 514,000.00	<b>PRINCIPAL LEFT:</b> 350,246.60
<b>Status:</b> 2	<b>TOTALS</b> <span style="float: right;">Top of Report</span>

E. Calculation of Payment Categories: The table below shows the amounts applied to each payment category in order of application. The amounts correlate to the Application of Funds report.

Category (In order of application)	Amount Available from Payment	Amount Due	Amount Applied
DFB Fees	22,655.76	-	-
SBA Fees	22,655.76	1,250.00	1,250.00
CSA Fee	21,405.76	133.33	133.33
CDC Fee	21,272.43	833.33	833.33
Interest*	20,439.10	3,323.58	3,323.58
Principal**	17,115.52	25,325.04	17,115.52
Past Due Principal		8,209.52	
<b>*Interest Calculation:</b>			
Last payment 9/8/2014-Interest paid through 8/31/2014			
Interest owed from 9/1/2014-9/30/2014 = 30 days			
Daily Interest = Loan Balance * Interest Rate/360			
Daily Interest = 1,468,390.12*2.71610%/360= 110.76			
Interest Due=30*110.76= 3323.58			
<b>**Principal Due = Actual principal balance as of 9/8/2014 (prior payment) less scheduled principal balance as of 10/1/2014 per amortization</b>			
25,325.04			

3. Past Due Loan - Calculation of Fees on Anniversary Date

A. Fees are calculated based on the principal balance on the 5-year anniversary date. If the principal balance on the anniversary date differs from the amortization schedule, the fees for the following 5 years (and the total payment) will not match the amortization schedule for the following 5 years. However, once the borrower is current, the principal and interest application should match the amortization schedule even though the fee payments do not match.

B. Example Amortization Schedule: Past Due Loan

JAN 18	054	\$7,754.77	\$12,002.04	\$2,893,593.53	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
FEB 18	055	\$7,722.74	\$12,034.07	\$2,881,559.46	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
MAR 18	056	\$7,690.62	\$12,066.19	\$2,869,493.27	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
APR 18	057	\$7,658.41	\$12,098.40	\$2,857,394.87	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
MAY 18	058	\$7,626.12	\$12,130.69	\$2,845,264.18	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
JUN 18	059	\$7,593.75	\$12,163.06	\$2,833,101.12	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
JUL 18	060	\$7,561.29	\$12,195.52	\$2,820,905.60	\$2,736.72	\$1,824.48	\$291.92	\$24,609.93
AUG 18	061	\$7,528.74	\$12,228.07	\$2,808,677.53	\$2,203.83	\$1,469.22	\$235.08	\$23,664.94
SEP 18	062	\$7,496.10	\$12,260.71	\$2,796,416.82	\$2,203.83	\$1,469.22	\$235.08	\$23,664.94
OCT 18	063	\$7,463.38	\$12,293.43	\$2,784,123.39	\$2,203.83	\$1,469.22	\$235.08	\$23,664.94
NOV 18	064	\$7,430.57	\$12,326.24	\$2,771,797.15	\$2,203.83	\$1,469.22	\$235.08	\$23,664.94
DEC 18	065	\$7,397.67	\$12,359.14	\$2,759,438.01	\$2,203.83	\$1,469.22	\$235.08	\$23,664.94

5-Year Anniversary fee adjustment

C. Example Loan Detail: Past Due Loan

**504 Program: Loan Details**

LOAN NUMBER:	[REDACTED]
REFINANCED:	NO
REGION:	[REDACTED]
CDC:	[REDACTED]
LOAN STATUS:	ACTIVE
NOTE PRINCIPAL:	3,503,000.00
NOTE RATE:	3.20269
ISSUE DATE:	07/17/2013
MATURITY DATE:	07/01/2033
ACH BANK:	[REDACTED]
ACH ROUTING:	[REDACTED]
ACH ACCOUNT:	[REDACTED]
BORROWER NAME:	[REDACTED]
BORROWER STREET:	[REDACTED]
BORROWER CITY:	[REDACTED]
BORROWER STATE:	[REDACTED]
BORROWER ZIP:	[REDACTED]

PRINCIPAL LEFT:	2,796,416.84
AMORT DATE:	08/30/2018
AMORT INTEREST:	7,496.10
AMORT PRINCIPAL:	12,260.70
AMORT PAYMENT:	23,668.54
NOTE BALANCE:	2,799,037.77
FEE PAID DATE:	08/30/2018
INTEREST DATE:	08/30/2018
CURR LOAN DATE:	07/01/2033
<b>CURR AMT NEEDED:</b>	<b>3,851.43</b>
SML BUSINESS CONS:	[REDACTED]
W-9 ID:	[REDACTED]
W-9 NAME:	[REDACTED]
W-9 STREET:	[REDACTED]
W-9 CITY:	[REDACTED]
W-9 STATE:	[REDACTED]
W-9 ZIP:	[REDACTED]

**CDC Loan Detail Fee Information**

PMT	POSTING DATE	TOTAL PYMT	DFB FEES	SBA FEE	CSA FEE	CDC FEE	INT AMT	PRINC. AMOUNT	LATE FEE	UNALLOC AMT	PREPAY AMT	BALANCE
A	09/04/2018	23,668.54	0.00	2,205.87	235.29	1,470.58	7,503.08	12,253.72	0.00	0.00	0.00	2,799,037.77
A	08/02/2018	23,668.54	0.00	2,205.87	235.29	1,470.58	7,535.70	12,221.10	0.00	0.00	0.00	2,811,291.49
A	07/03/2018	24,609.93	0.00	2,736.72	291.92	1,824.48	7,568.23	12,188.58	0.00	0.00	0.00	2,823,512.59
A	06/04/2018	24,609.93	0.00	2,736.72	291.92	1,824.48	7,600.67	12,156.14	0.00	0.00	0.00	2,835,701.17
C	05/09/2018	24,609.93	0.00	2,736.72	291.92	1,824.48	7,633.03	12,123.78	0.00	0.00	0.00	2,847,857.31
C	04/11/2018	24,609.93	0.00	2,736.72	291.92	1,824.48	7,665.30	12,091.51	0.00	0.00	0.00	2,859,981.09
W	03/16/2018	24,609.93	0.00	2,736.72	291.92	1,824.48	7,697.48	12,059.33	0.00	0.00	0.00	2,872,072.60
C	02/14/2018	24,609.93	0.00	2,736.72	291.92	1,824.48	7,729.58	12,027.23	0.00	0.00	0.00	2,884,131.93

D. Example Fee Calculation

1. Fee rates

- a. SBA - 0.9375%
  - b. CSA - 0.10%
  - c. CDC - 0.625%
2. Amortization Schedule
- a. Scheduled Balance at 5-year anniversary (July 2018):  
\$2,820,905.60
  - b. Scheduled fee payments beginning August 2018
    - 1. CSA:  $\$2,820,905.60 \cdot 0.001/12 = \$235.08$
    - 2. CDC:  $\$2,820,905.60 \cdot 0.00625/12 = \$1,469.22$
3. Loan Detail
- a. Loan Balance at 5-year anniversary (July 2018): \$2,823,512.59
  - b. Actual fee payments beginning August 2018
    - 1. CSA:  $\$2,823,512.59 \cdot 0.001/12 = \$235.29$
    - 2. CDC:  $\$2,823,512.59 \cdot 0.00625/12 = \$1,470.58$
    - 3. The materiality of the difference to the borrower depends on the difference in the amortization balance and the actual balance and the size of the loan. In the example, the borrower will pay a total of \$81.60 more in CDC fees over the 5 year period.