



The 1502 Bulletin

SBA's FISCAL & TRANSFER AGENT

Keeping you informed on SBA Form 1502

Fall 1999
Edition # 11

Colson's database is programmed to edit all information reported on incoming 1502 reports on a daily basis. If multiple data lines appear per GP Number, the program automatically consolidates the information into a single line. After performing this daily "roll-up", the database cross-references the information using both SBA's prescribed reporting criteria and Colson's edit parameters. Detected discrepancies prompt appropriate error messages which are reported to the respective lenders.

Listed below are 14 FTA error codes and their corresponding messages that may appear on lender exception reports. Tips are also provided on how to correct each error through Colson's customer service department. Please note that error messages numbers 14, 15 and 16 were recently implemented.

<u>#</u>	<u>FTA Messages</u>	<u>Explanation of FTA Error Messages</u>																		
1	<i>Next Installment Due Date must be provided and must be a valid date (i.e. actual date, 2/29 or 2/30).</i>	<p>The <i>Next Installment Due Date</i> was left blank or contained an invalid date. Based on the status of the loan, the <i>Next Installment Due Date</i> should be reported as follows:</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>STATUS</u></th> <th style="text-align: left;"><u>COLUMN TEXT</u></th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>Date of next scheduled payment</td> </tr> <tr> <td>Past Due</td> <td>Date of the first missed scheduled payment</td> </tr> <tr> <td>Deferred (status 4)</td> <td>Date borrower is to resume making payment</td> </tr> <tr> <td>In Liquidation (status 5)</td> <td>Leave blank</td> </tr> <tr> <td>Paid-in-Full (status 6)</td> <td>Leave blank</td> </tr> <tr> <td>Transferred (status 7)</td> <td>Leave blank</td> </tr> <tr> <td>Purchased by SBA (status 8)</td> <td>Leave blank</td> </tr> <tr> <td>Fully Undisbursed (status 9)</td> <td>Leave blank</td> </tr> </tbody> </table>	<u>STATUS</u>	<u>COLUMN TEXT</u>	Current	Date of next scheduled payment	Past Due	Date of the first missed scheduled payment	Deferred (status 4)	Date borrower is to resume making payment	In Liquidation (status 5)	Leave blank	Paid-in-Full (status 6)	Leave blank	Transferred (status 7)	Leave blank	Purchased by SBA (status 8)	Leave blank	Fully Undisbursed (status 9)	Leave blank
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2	<i>Guaranteed Portion Closing Balance or Amount Undisbursed (if status 9 loan) must be greater than zero.</i>	<p>The <i>Guaranteed Portion Closing Balance</i> was left blank. A balance must be provided for all Status Codes, except Status Code "6" and Status Code "9". Please ensure the following:</p> <ul style="list-style-type: none"> • If the loan is paid-in-full, the reported Status Code is "6". • If the loan has never been disbursed, the reported Status Code is "9" and the <i>Amount Undisbursed on Total Loan</i> indicates the amount undisbursed. 																		
3	<i>Next Installment Due Date must be after the Month Ending Date.</i>	<p>Usually pertains to loans that have a deferment. The date the borrower is to resume making payments should be indicated in this column.</p>																		
4	<i>Paid-off loan must have a zero balance and no undisbursed funds.</i>	<p>The reported Status Code was a "6", but an amount was entered in the <i>Guaranteed Portion Closing Balance</i> column or the <i>Amount Undisbursed on the Total Loan</i> column. These columns should contain a zero or remain blank.</p>																		
5	<i>Undisbursed loan should not have a reported Guaranteed Portion Closing Balance.</i>	<p>The reported Status Code was a "9", so the <i>Guaranteed Portion Closing Balance</i> should be zero and the <i>Amount Undisbursed on Total Loan</i> column should reflect the amount undisbursed.</p>																		
6	<i>Amount Disbursed This Period on Total Loan must be a positive value.</i>	<p>A negative amount was reported in the column. Do not report a negative dollar amount to indicate a decrease in balance.</p>																		
7	<i>Amount Undisbursed must be a positive value.</i>	<p>A negative amount was reported in the column. Do not report a negative dollar amount to indicate a decrease in balance.</p>																		

- 8** *An interest rate must be provided and must be a valid rate.* The *Interest Rate* column was left blank or contained an invalid rate. An interest rate should be reported as the current rate, for example, if Prime = 8.5%, a Prime + 2.00% loan should be reported as 10.50%.
- 9** *Interest-To-Date must be provided and must be a valid date (i.e., actual date, 2/29 or 2/30)* The *Interest-To-Date* was left blank or contained an invalid date. Please ensure the following:
- If the borrower did not make a payment, report the interest-to-date as of the last borrower payment that included interest.
 - If the borrower has not made its first payment yet, but the loan has been disbursed, report the interest-to-date as the date of the first disbursement.
 - For Status Codes “4”, “5”, “6”, “7” and “8”, report the interest-to-date as of the last borrower payment that included interest.
- 12** *Reported GP# not identified.* The reported GP number is not recognized on SBA’s database for the following reason:
- A transposition error may have occurred. Please contact a Colson customer service representative at (212) 266-7998 to make the necessary corrections.
 - An invalid GP number was reported or the GP number reported was less than 10 digits.
 - The reported GP number does not match SBA’s records. Please check the Loan Authorization Agreement (SBA Form 529B) to verify that the GP Number was reported correctly on your SBA Form 1502. In cases where the reported GP Number corresponds to the 529B, fax a copy of the 529B to (212) 406-0136 or (212) 406-0114 to confirm the accuracy of the GP number reported. Colson will research the discrepancy.
- 13** *SBA’s System shows this loan as paid-in-full, cancelled, in liquidation, charged off, or XGP. Cancelled or charged off loans may be due to the expiration of SBA’s guaranty. Discontinue reporting if the loan is no longer serviced by your institution. If the loan is active, contact your SBA District office to have it reinstated.* SBA’s database indicates that the loan is no longer active for the following reasons:
- The loan was either reported as a Status Code “6” or a Status Code “8” on a prior 1502 Form submission. The lender no longer needs to report the loan on SBA Form 1502.
 - The loan was inadvertently changed to paid-in-full on SBA’s database.
- ACTION:** If the loan is active (i.e. current, past due, in liquidation, or in default), please call the SBA office servicing the loan to change the loan status and reinstate the loan on SBA’s database.
- 14** *Outstanding balance and/or amount undisbursed exceeds the net approval for loan. Please ensure the closing balance reported is for the guaranteed portion of the loan.* The total outstanding loan balance (which is calculated by FTA based on the Guaranteed Portion Closing Balance) plus the amount undisbursed equals to an amount greater than SBA’s net approval amount for the loan. (Note: The closing balance reported on SBA Form 1502 should reflect the guaranteed portion of the loan.)
- 15** *Cannot report liquidation status code 5 until loan is placed in liquidation. Please contact your SBA field office to place loan in liquidation.* SBA’s database indicates that the loan is not “in liquidation”. Status Code “5” should not be reported until you have notified the SBA office servicing the loan that the loan is to be placed in liquidation.
- 16** *SBA’s status shows loan in liquidation. Must report loan with a status code 5.* SBA’s database indicates that the loan is “in liquidation”. Status Code “5” must be reported on SBA Form 1502 until the status of the loan changes.

If you have any questions, please call the Customer Service Department at (212) 266-7998