



# The 1502 *Bulletin*

**Bulletin #12  
Fall/Winter 1999**

## General Notice:

The prime rate has been raised from 8.25% to 8.50%. This change affects variable rate SBA 7(a) loans tied to the prime rate. For loans that adjust on the first day of the month, interest must be calculated as of December 1, 1999 using 8.50% as the base rate. For variable rate loans that adjust other than on the first day of the month, the new prime rate is effective on the change date occurring on or after November 17, 1999.

**NOTE:** If the prime rate remains the same as of January 1, 2000, only then should the 8.50% rate be used for variable rate loans that adjust on calendar quarters. Otherwise the most current prime rate in effect should be used on January 1, 2000.

## Specific Advice:

To better assist you with reporting the rate change, an example is provided. In this case, the borrower made a payment on December 15 and the interest period spanned the loan's rate change date on December 1. The payment is reported as two lines on the 1502 for the month ending December 31, 1999.

### **Example**

SBA GP number	Lender Loan Number	Next Installment Due Date	Status (4-9)	Amt Disbursed this Period on Total Loan	Amount Undisbursed on Total Loan	Interest Rate	Guar. Portion Interest	Guar. Portion Principal	<u>Total to FTA</u>		<u>Interest Period</u>		# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)
									Guar. Portion Pymt or Fee		From	To				
1234563000	54321	1/15/00				9.25 %	\$ 689.32	\$ 0	\$ 689.32	11/15/99	12/1/99	16	365	\$ 170,000.11		
1234563000	54321	1/15/00				9.50 %	\$ 619.45	\$ 656.71	\$1,276.16	12/1/99	12/15/99	14	365	\$ 169,343.40		

## Sold Loans:

1. The example shown is for a sold loan with a sold rate of Prime + 1.00%.
2. The interest rate reported is the borrower's note rate less the lender's servicing fee.
3. The amount due the secondary market is indicated on two lines in the Total to FTA column.

## Unsold Loans:

1. For unsold loans not subject to SBA's fee, do not sum the Guaranteed Portion Interest and Guaranteed Portion Principal columns. The Total to FTA column should reflect \$0.00.
2. For unsold loans subject to SBA's 50 basis point fee, the fee amount should be indicated in the Total to FTA column for each line of data reported.

### Footnote:

The following fields on the 1502 form should be completed if applicable:

- Status (4-9)
- Amt Disbursed this Period on Total Loan (unsold loans only)
- Amt Undisbursed on Total Loan (unsold loans only)

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