



The 1502 *Bulletin*

**Bulletin #14
Winter 2000**

General Notice:

The prime rate has been raised from 8.50% to 8.75%. 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 March 1, 2000 using 8.75% 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 February 3, 2000.

NOTE: If the prime rate remains the same as of April 1, 2000, only then should the 8.75% rate be used for variable rate loans that adjust on calendar quarters. Otherwise the most current prime rate in effect should be used on April 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 March 15 and the interest period spanned the loan's rate change date on March 1. The payment is reported as two lines on the 1502 for the month ending March 31, 2000.

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 | 4/15/00 | | | | 8.50 % | \$ 593.84 | \$ 0 | \$ 593.84 | 2/15/00 | 3/1/00 | 15 | 365 | \$ 170,000.11 | | |
| 1234563000 | 54321 | 4/15/00 | | | | 8.75 % | \$ 570.55 | \$ 656.71 | \$1,227.26 | 3/1/00 | 3/15/00 | 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 of 1.00%.
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)

**Colson Services Corp.
SBA's Fiscal and Transfer Agent
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SCHEDULE OF PAYMENT DUE DATES

Paragraph 6 of SBA Form 1086 (version 6-88 and 1-94) states that payments are due at the FTA on the third **calendar** day of the month, or the next business day if the third is not a business day. The SBA allows a grace period of two business days after the due date. If FTA receives a regularly scheduled payment after the expiration of the grace period, a Late Penalty is assessed (subject to a maximum of \$5,000.00). Paragraph 6(c) of SBA Form 1086 describes the components of the Late Penalty. Lenders are billed for Late Penalties at the end of each month. Late Penalties are due to Colson with the Lender's next monthly remittance.

Below is a schedule of **final** due dates for regularly scheduled payments. Payments received after the due date will be subject to the Late Penalty.

2000

| | |
|-----------|----------|
| JANUARY | 5 |
| FEBRUARY | 7 |
| MARCH | 7 |
| APRIL | 5 |
| MAY | 5 |
| JUNE | 7 |
| JULY | 6 |
| AUGUST | 7 |
| SEPTEMBER | 7 |
| OCTOBER | 5 |
| NOVEMBER | 7 |
| DECEMBER | 6 |