



The 1502 *Bulletin*

Bulletin #21
February 2001

General Notice:

The prime rate has been reduced 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 February 1, 2001 using 8.50% as the base rate. For variable rate loans that adjust on a day other than the first day of the month, the new prime rate is effective on the change date occurring on or after February 1, 2001.

NOTE: If the prime rate remains at 8.50% as of April 1, 2001, the 8.50% rate should be used for variable rate loans that adjust on the first day of the calendar's quarters. If a new prime rate takes affect on or before April 1, 2001, the new prime rate should be used.

Specific Advice:

To better assist you with reporting the rate change, an example is provided. In this case, the borrower made a payment on February 15 and the interest period spanned the loan's rate change date on February 1. The payment is reported as two lines on the 1502 for the month ending February 28, 2001.

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				
A.	1234563000	54321	3/15/01			9.50 %	\$ 752.19	\$ 0	\$ 752.19		1/15/01	2/1/01	17	365	\$ 170,000.11	
	1234563000	54321	3/15/01			8.50 %	\$ 554.25	\$ 656.71	\$1,210.96		2/1/01	2/15/01	14	365	\$ 169,343.40	
B.	6543214000	23541	3/15/01			9.50 %	\$ 931.10	\$ 0	\$ 49.01		1/15/01	2/1/01	17	365	\$ 210,433.27	
	6543214000	23541	3/15/01			8.50 %	\$ 686.07	\$ 435.00	\$ 40.36		2/1/01	2/15/01	14	365	\$ 209,998.27	

A. Sold Loans:

1. The first example shown is 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.

B. Unsold Loans:

1. The second example shown is an unsold loan subject to SBA's 50 basis point fee with a rate of Prime. The fee amount should be indicated in the *Total to FTA* column for each line of data reported.
2. 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.

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
For unsold loans – 212-266-7998
For sold loans – 212-266-7828

SBA 7(a) Lender Fee Variance Report

SBA Central Office requested its Fiscal and Transfer Agent, Colson Services Corp., to identify situations where lenders' reported SBA 50 basis point fees, for unsold loans subject to fees, appeared to have discrepancies. In response, Colson developed a new lender report titled, *SBA 7(a) Lender Fee Variance Report*. This report identifies SBA GP Numbers with SBA fee-payment discrepancies detected in recent 1502 submissions, and displays one or more of the following presumed error conditions prompting each discrepancy.

- A. ***No 1502 Information was Reported for Period:*** 1502 data was not received for this loan for the entire reporting period
- B. ***First Fee Payment More than 120 Days after Approval Date:*** The first reported fee payment for the loan is 120 days or more after the loan's approval date.
- C. ***Fee Due and Not Paid:*** An interest payment was reported but the applicable SBA fee was not remitted.
- D. ***Gaps in Fee Payment History:*** A break of more than 1 interest day exists between Interest To date(s) and subsequent Interest From date(s) reported.
- E. ***Interest Days Advanced but No Fee Payment Received for Period:*** Interest days were advanced on SBA Form 1502, but no interest payment was reported and no fee payment was received for the period.

The first *Lender Fee Variance Report* generated by Colson in September 2000 encompassed loans with reported Interest To dates of 1/1/00 through 6/30/00 and loans with no 1502 data on file for that period. The second report, which was mailed to over 2,200 lenders at the end of January 2001, encompasses unresolved loans from the first report plus loans reported on 1502 Forms received by Colson from July through November 2000, and loans with no 1502 data on file for the second report period. (Note: Microloans and revolving loans are excluded.)

If your institution receives this report, please review and verify its data. Follow the instructions, included in the report mailing, on completing the *Special Remittance Form* to pay any outstanding SBA fee amounts. Otherwise, contact your customer service representative to clarify the variance in fee amounts paid.

Helpful reminders:

- SBA has instructed Colson to generate this report for lenders on a quarterly basis.
- Copies of the *Special Remittance Form* and *Instructions*, along with a matrix describing the error conditions displayed on the *Lender Fee Variance Report* may be obtained by visiting our website at www.colsonservices.com under the tab **SBA Program Services/1502 Reporting/1502 Filing Information**.
- All listed delinquent fee items that remain unresolved for more than 90 days will be reported to the appropriate SBA field offices.