



# The 1502 Bulletin

Bulletin #26  
August 2001

Keeping you informed on SBA Form 1502 Reporting

## General Notice:

The prime rate has been reduced to 6.50%. 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 September 1, 2001 using 6.50% as the base rate. If the prime rate remains at 6.50% as of October 1, 2001, the 6.50% rate should be used for variable rate loans that adjust on the first day of the calendar quarter. For variable rate loans that adjust on a day other than the first day of the month or calendar quarter, the new prime rate of 6.50% is effective on the change date occurring on or after August 22, 2001.

**NOTE:** If a new prime rate takes affect on or before the adjustment date of a variable rate loan, 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 September 15 and the interest period spanned the loan's rate change date on September 1. The payment is reported as two lines on the 1502 for the month ending September 30, 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	Total to FTA		Interest Period		# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)
									Guar. Portion Pymt or Fee		From	To				
A. 1234563000	54321	10/15/01				6.75 %	\$ 534.45	\$ 0	\$ 534.45	8/15/01	9/1/01	17	365	\$ 170,000.11		
	54321	10/15/01				6.50 %	\$ 423.84	\$ 656.71	\$1,080.55	9/1/01	9/15/01	14	365	\$ 169,343.40		
B. 6543214000	23541	10/15/01				6.75 %	\$ 661.57	\$ 0	\$ 49.01	8/15/01	9/1/01	17	365	\$ 210,433.27		
	23541	10/15/01				6.50 %	\$ 524.64	\$ 435.00	\$ 40.36	9/1/01	9/15/01	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:

**Colson Services Corp.**  
**SBA's Fiscal and Transfer Agent**  
**For unsold loans – 212-266-7998**  
**For sold loans – 212-266-7828**

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)

## Reporting a Zero Balance on SBA Form 1502

Each month, 1502 information received from lenders and processed by Colson is subjected to SBA’s edit criteria. SBA and Colson continually monitor resulting error conditions in an effort to identify and address common reporting problems. This bulletin is intended to clarify how certain 1502 loan status scenarios, that require zero balance reporting, should be executed by SBA 7(a) lenders.

### Revolving Loans Temporarily Paid Down to Zero

#### Specific Advice:

- ◆ **Next Installment Due Date:** Leave blank when the borrower temporarily pays its balance to \$0.00, as long as no additional advances have been made against the line during the reporting period.
- ◆ **Status:** DO NOT report Status Code 6 for revolving loans when the borrower temporarily pays its balance to \$0.00 (Leave Status blank). DO NOT report Status Code 9 for revolving loans once first disbursement has occurred, even if the value of the Amount Undisbursed on Total Loan = Total Approved Loan Amount (Leave status blank). Only report Status Code 9 when a loan has never been disbursed.
- ◆ **Amount Undisbursed on Total Loan:** Principal repayments made during the reporting period should be reflected in the amount undisbursed. Report the total approved loan amount (100%) when the borrower temporarily pays the line down to \$0.00, as long as no additional advances have been made against the line during the reporting period. Note - The Guaranteed Portion Closing Balance, when converted to a 100% amount, plus the Amount Undisbursed on Total Loan should not exceed the total approved loan amount.
- ◆ **Interest To:** Leave blank when the borrower has temporarily paid the line down to \$0.00 and there was no activity on the loan for the reporting period. Include an Interest To date when there is a balance outstanding.
- ◆ **Guaranteed Portion Closing Balance:** Indicate the outstanding guaranteed principal balance at month-end, not as of the last payment received, to account for any draws/advances made after receipt of payment in the reported month. Report \$0.00 when the borrower temporarily pays the line down to zero as of month-end.

#### Examples

SBA GP Number	Lender Loan Number	Next Installment Due Date	Status (4-9)	Amount Disbursed this Period on Total Loan	Amount Undisbursed on Total Loan	Interest Rate	Guar. Portion Interest	Guar. Portion Principal	Total to FTA Guar. Portion Pymt or Fee	Interest From	Period To	# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)
A. 9876543000	ABC123			\$48,000	\$75,000.00	8.00%	\$73.64	\$24,000	\$4.60	7/1/01	7/15/01	14	365	\$0.00	
B. 8765432000	987XYZ				\$50,000.00									\$0.00	

A. The first example shown is a revolving loan, with a 50% guaranty, that has been temporarily paid down to \$0.00 based upon current month’s activity.

B. The second example shown is a revolving loan that was temporarily paid down to zero in a prior month, and no subsequent line activity has occurred.

## SBA 7(a) Secondary Market Payoff

### Specific Advice:

- ◆ A separate SBA Form 1502 must be sent to Colson's Payoff Department for full and partial secondary market prepayments.
- ◆ A check mark must be placed in the check box in the upper right-hand corner of the form.
- ◆ DO NOT report Status Code 6 on the SBA Form 1502 remittance containing the secondary market payoff.

Note - SBA Form 1086 requires lenders to provide Colson's Secondary Market Payoff Department a 10 business day advance written notice for secondary market prepayments. The 10 business day notice, and subsequent payoff 1502 may be faxed to the attention of the Payoff Department at 212-266-7940.

Time-Saving Hint: To avoid potential payment discrepancies at the time of payoff, include any regularly scheduled payments received from the borrower along with that loan's full secondary market prepayment.

### Example: 1502 Due to Colson's Payoff Department at the Time of Secondary Market Payoff

SBA GP Number	Lender Loan Number	Next Installment Due Date	Status (4-9)	Amount Disbursed this Period on Total Loan	Amount Undisbursed on Total Loan	Interest Rate	Guar. Portion Interest	Guar. Portion Principal	Total to FTA Guar. Portion Pymt or Fee	Interest From	Period To	# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)
2345678901	987654					8.00%	1,548.70	\$243,652.74	\$245,201.44	6/2/01	7/1/01	29	365	\$0.00	

- ◆ Guaranty loan status information for sold loans that are prepaid must be reported on the month-end SBA Form 1502 subsequent to the payoff.
- ◆ If a loan previously repurchased from the secondary market is paid-in-full, report Status Code 6, with an *Interest To* date as of the payoff date and a *Guaranteed Portion Closing Balance* of \$0.00, on the month-end SBA Form 1502 subsequent to the payoff. Otherwise, continue to report loan status information monthly as an unsold loan.

### Example: Month-End Reporting for a Paid-In-Full Loan Previously Repurchased from the Secondary Market

SBA GP Number	Lender Loan Number	Next Installment Due Date	Status (4-9)	Amount Disbursed this Period on Total Loan	Amount Undisbursed on Total Loan	Interest Rate	Guar. Portion Interest	Guar. Portion Principal	Total to FTA Guar. Portion Pymt or Fee	Interest From	Period To	# of Days	Calendar Basis	Guar. Portion Closing Balance	Remittance Penalty (if any)
2345678901	987654		6								7/1/01			\$0.00	

## Paid-In-Full Loans (Status Code 6)

### Helpful Reminders:

- ◆ Status Code 6 is reported on the month-end SBA Form 1502 for **all** 7(a) loans that have matured or been paid-in-full by the borrower and will no longer be active.
- ◆ DO report a *Guaranteed Portion Closing Balance* of \$0.00 with a Status code 6.
- ◆ DO report an *Interest To* date as of the payoff date with a Status Code 6.
- ◆ DO NOT report a *Next Installment Due Date* with a Status Code 6. Leave blank.
- ◆ DO NOT report Status Code 6 for loans that have been transferred. Report Status Code 7.
- ◆ DO NOT report Status Code 6 for loans that have been purchased by SBA. Report Status Code 8.
- ◆ In cases of multiple line reporting, ensure that Status Code 6 is reported on the line entry with the \$0.00 balance.

<p style="text-align: center;"><b>Colson Services Corp.</b> <b>SBA's Fiscal and Transfer Agent</b> <b>For unsold loans – 212-266-7998</b> <b>For sold loans – 212-266-7828</b></p>
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