



The 1502 *Bulletin*

SBA's Fiscal & Transfer Agent

Keeping you informed on SBA Form 1502

Spring 1999
Edition # 7

327 Procedures - LowDoc Loans

Historically, SBA loan processing centers have maintained loan files and processed any changes to terms and conditions in-house. Loan files were only forwarded to servicing centers after the lender advised, through the 1502 process, that a loan was fully disbursed. Beginning in March 1999, upon the funding of a LowDoc loan, the LowDoc processing centers will begin sending the paper loan file to the servicing centers within hours of loan approval. Lenders will receive appropriate instructions for 327 actions (the form used to modify the terms of a loan) in each loan closing package. Shortly thereafter, Hazard will also forward all previously approved, but not disbursed, loan files to the servicing centers (Sacramento has just completed this process). The result is that very soon, all 327's for LowDoc loans will be handled at loan servicing centers, not the centers that processed and approved the loans.

Loans In Liquidation

It is imperative that the lenders communicate to the field office (in addition to a Form 1502 update) the fact that the lender is placing a loan into liquidation. SBA personnel enters loans in liquidation into SBA's Loan Liquidation Tracking System (LLTS) and assigns an SBA loan officer to work with the lender. The same holds true if a loan is to be placed back into regular servicing status – you must contact the SBA field office directly.

Loans in Approval Status

- If a loan has been cancelled or withdrawn, call or write to your district office to cancel the loan.
- For approved, fully undisbursed loans, SBA recommends reporting the loan as soon as possible on a 1502 as follows:
 - Status Code = 9; Amount Undisbursed on Total Loan = 100% approval amount;
 - Guaranteed Portion Closing Balance = 0
- Upon first disbursement, report the loan on your next 1502 as follows:
 - No Status Code; Amount Disbursed This Period on Total Loan = 100% of amount disbursed this period;
 - Amount Undisbursed on Total Loan = 100% of amount undisbursed, if any; Interest To Date = date interest accrues from (either note date or first disbursement date); Guaranteed Portion Closing Balance = guaranteed portion of the amount disbursed. (This assumes that a borrower repayment has not occurred.)
- When there is a repayment of interest or principal, report it on your 1502 Form. SBA's 50 basis point fee is due when a repayment of interest occurs on loans approved on or after 10/12/95.

1502 Data Reporting Timetable

It is the responsibility of Colson to process loan balance and status information collected from lenders' 1502 Forms. Each month, a file is imported from SBA that provides Colson with a new population of 7(a) loans for which it expects lenders to submit 1502 information. 1502 data processed by Colson is subjected to SBA edit criteria and lenders are notified by Colson if their 1502 Forms contain errors. Colson exports 1502 information collected to SBA beginning on the 20th of each month. This monthly timetable allows lenders to correct errors prior to transmission of their data to SBA by Colson. SBA updates its database with the 1502 data it receives and this data is made available to the SBA field offices at the beginning of the following month.

MONTHLY CYCLE

1st	3rd	5th-8th	20th	30th	1st
SBA Import File received	1502s due to FTA	1502 grace period ends	Transmission of 1502 data to SBA begins	SBA updates its database	Field offices receive data

For example: For the period ending 3/31/99, the due date for the lenders' 1502s, including the grace period, was 4/7/99. Transmission of 1502 data to SBA by Colson began 4/20/99. SBA updated its database by 4/30/99 and the field office personnel received the data at the beginning of May. SBA field offices will contact lenders who did not correct their errors with Colson and whose data again encountered errors on SBA's database.

Lenders are urged to correct their data errors with Colson as soon as possible so that these errors are not passed on to SBA.