

SBA Form 1502 Reporting The 10 Solutions

In December 1997, SBA Administrator, Aida Alvarez, sent a letter to all SBA 7(a) lenders, which introduced several SBA Form 1502 reporting solutions. SBA and Colson developed these solutions to make the monthly 1502 reporting process easier. Since that time we have had considerable success with lenders utilizing these solutions. Additionally, 67 percent of the 1502 information received from lenders is in an electronic format or can be easily converted to an electronic format using Colson's customized scanning and OCR software.

In an effort to reach the Administrator's goal of 100% electronic reporting, we would like to reacquaint you with the reporting solutions and to introduce several new solutions. Our hope is that these solutions capture your interest and will offer your institution the assistance it may need to fulfill SBA's monthly 1502 reporting requirements.

SOLUTION 1 BORROWER/LENDER ACCOUNTING PERFORMED BY COLSON

With this solution, the borrower remits its payment directly to Colson. Colson calculates, accounts for and distributes the funds to the various parties entitled to a portion of the payment. Additionally, Colson handles monthly borrower billing, late notices and produces monthly lender portfolio reports. Colson retains loan payment and balance information and prepares the lender's monthly 1502 Form. Payments due for secondary market loans and SBA fees are retained by Colson and forwarded to the FTA on the due date, along with the supporting 1502 Form. The lender can receive up to two monthly reports and wires from Colson for the price indicated below.

SOLUTION 2 LENDER ACCOUNTING PERFORMED BY COLSON

With this solution, the lender collects the borrower's payment, but remits 100% of it to Colson, using a standard transmittal form. Colson calculates, accounts for and distributes the funds to the various parties entitled to a portion of the payment. Additionally, Colson handles monthly borrower billing, late notices and produces monthly lender portfolio reports. Colson retains loan payment and balance information and prepares the lender's monthly 1502 Form. Payments due for secondary market loans and SBA fees are retained by Colson and forwarded to the FTA on the due date, along with the supporting 1502 Form. The lender can receive up to two monthly reports and wires from Colson for the price indicated below.



New Lower Price for Solutions 1 & 2

A service fee of \$8.10 per loan per month applies. A per loan set-up fee applies to loan data received in the following formats: \$8.00 on electronic media, \$12.00 on hard copy. Other ancillary fees may apply. Please call John Dannevig at (212) 266-7870 for more information.

SOLUTION 3 TEMPLATE TO PERFORM CALCULATIONS & TO FILE ELECTRONICALLY

Lenders with **unsold** loans (subject to and not subject to the SBA 50 basis point fee) can use Colson's 1502 template, which is in Excel and Lotus spreadsheet formats. This template allows lenders to enter 100% portion information and guaranty percentages, if necessary, and it will compute the guaranteed portions. The template also computes SBA fees, where applicable. Lenders with loans sold in the secondary market may also use the template, however, the template will not perform payment due calculations. The lender may remit the 1502 information to Colson on a diskette or via e-mail. *The template can be obtained for no charge by calling Colson at (877) 245-6159.*

SOLUTION 4 1502 SUBMISSION THROUGH THE INTERNET

The Colson web site allows lenders to link into a file that contains their specific 7(a) loans through the Form 1502 Connection. Lenders input monthly 1502 information into the 1502 Form on the web site and the web site performs SBA fee computations, where applicable. Lenders must register with Colson Customer Service before the web page can be accessed. The web site address is www.colsonservices.com. *There is no fee for this solution.*

SOLUTION 5 ASSIST WITH THE DETERMINATION OF GUARANTEED PORTIONS

Colson will supply lenders with an electronic file of the GP numbers and guaranty percentages for each loan in their portfolio. *A fee of \$50.00 for preparation, shipping and handling of the file applies.*

SOLUTION 6 RECEIVE INFORMATION ON 100% PORTIONS OF LOANS

This method targets lenders with **unsold** loans not subject to fees. The lender may provide SBA Form 1502 information based on 100% of a loan rather than the guaranteed portion. Colson will convert the information to conform to 1502 requirements for guaranty portion information in certain fields. The lender must register for this solution with Colson Customer Service. Also, SBA Form 1502 information must be supplied in an electronic format. *There is no fee for this solution.*

SOLUTION 7 CALCULATION & PAYMENT OF SBA'S FEE IN ADVANCE FOR TERM LOANS

Lenders with **unsold** loans subject to the SBA ongoing fee may pay SBA's 50 basis point fee annually. The fee is determined by an amortization schedule generated by Colson for every unsold loan in the lender's portfolio subject to a fee. The fee is based on the amortized monthly outstanding guaranteed balance during a 12-month period. The lender **MUST** still report 1502 information, however, the due date is the tenth calendar day of the month, or the next business day if the tenth is not a business day. *The fee for this service is \$4.50 per loan per annual cycle (i.e., SBA's fiscal year).*

NEW- SOLUTION 8 SBA FORM 1502 PREPARATION AND SBA FEE INVOICING PERFORMED BY COLSON

Lenders with **unsold** loans may collect their borrower's payment, allocate the principal and interest, and then provide certain payment data to Colson, in any format the lender chooses. Colson prepares a 1502 Form based on the lender's submission. The lender remits any SBA fees due, as indicated on the 1502 Form sent to them by Colson. *A one-time \$250.00 lender profile fee applies. There is no monthly fee for a lender's first 5 loans. The fee for 6 or more loans received on electronic media is \$2.50 per loan per month; \$3.10 per loan per month for hard copy reports.*

NEW- SOLUTION 9 LENDER ACCOUNTING USING LENDER DOCUMENTS AND PAYMENT BILLING BY COLSON

With this solution, the lender collects the borrower's payment and informs Colson using the lender's payment documents (e.g., payment coupons or reports). Colson allocates principal and interest to the loan and generates a report and/or invoice, which accounts for the guaranteed and unguaranteed portion allocations. The lender remits to Colson the invoiced amount for any SBA program fees and/or funds due to the secondary market. Upon receipt of the funds, Colson prepares a 1502 Form and forwards payments due for sold loans and SBA fees to the FTA on the due date. Additionally, Colson produces monthly lender portfolio reports. *The fee for this service is \$9.50 per loan per month. A per loan set-up fee applies to loan data received in the following formats: \$8.00 on electronic media, \$12.00 on hard copy; \$32.00 on hard copy with up to 24 payment history records to convert. Other ancillary fees may apply. Please call John Dannevig at (212) 266-7870 for more information.*

NEW- SOLUTION 10 CALCULATION & PAYMENT OF SBA'S FEE IN ADVANCE FOR REVOLVING LOANS

Lenders with **unsold** revolving loans subject to the SBA ongoing fee may pay SBA's 50 basis point fee in advance. The fee is determined by using each loan's maximum guaranty amount for the base period, which may be semi-annual or annual, based on your preference. Fees paid in advance will not be refunded if the loan defaults or prepays during the base period. The lender **MUST** still report 1502 information, however, the due date is the tenth calendar day of the month, or the next business day if the tenth is not a business day. *The fee for this service is \$4.50 per loan per base period.*

To receive more information or to register for any of these solutions, please call Colson's Customer Service group at (212) 266-7998 or (877) 245-6159.