



The 1502 Bulletin

Bulletin #42

October 2004

Keeping you informed on SBA Form 1502 Reporting

General Notice:

The prime rate has been increased to 4.75%. 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 or calendar quarter, interest must be calculated as of October 1, 2004 using 4.75% as the base rate.

NOTE: 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 4.75% is effective on the change date occurring on or after September 22, 2004. If a new prime rate takes affect on or before the adjustment date, 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 October 15th and the interest period spanned the loan's rate change date on October 1st. The payment is reported as two lines on the 1502 for the month ending October 31, 2004.

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				4.50 %	\$ 335.34	\$ 0	\$ 335.34	9/15/04	10/1/04	16	365	\$ 170,000.11		
	1234563000	54321				4.75 %	\$ 309.73	\$ 656.71	\$ 966.44	10/1/04	10/15/04	14	365	\$ 169,343.40		
B.	6543214000	23541				4.50 %	\$415.10	\$ 0	\$ 46.12	9/15/04	10/1/04	16	365	\$ 210,433.27		
	6543214000	23541				4.75 %	\$ 383.39	\$ 435.00	\$ 40.36	10/1/04	10/15/04	14	365	\$ 209,998.27		
C.	4567895000	ABCD				4.50 %	\$ 362.55	\$ 0	\$ 29.00	9/15/04	10/1/04	16	365	\$ 183,792.63		
	4567895000	ABCD				4.75 %	\$ 334.86	\$ 579.51	\$ 25.38	10/1/04	10/15/04	14	365	\$ 183,213.12		

A. Sold Loans:

- The first example shown is a sold loan with a sold rate of Prime + 1.00%.
- The interest rate reported is the borrower's note rate less the lender's servicing fee of 1.00%.
- The amount due the secondary market is indicated on two lines in the *Total to FTA* column.

Note - 7(a) loans approved on or after 4/5/04 through 9/30/04 are subject to SBA's 36 basis point fee (excluding Microloans).

B. Unsold Loan Subject to SBA 50 Basis Point Fee:

- 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.
Note - 7(a) loans approved on or after 10/12/95 through 9/30/02, and on or after 10/01/2004, are subject to SBA's 50 basis point fee (excluding Microloans).

D. Unsold Loan Subject to SBA 25 Basis Point Fee: Not Shown

Note - STAR loans, and 7(a) loans approved on or after 10/1/02 through 4/4/04 are subject to SBA's 25 basis point fee (excluding Microloans).

C. Unsold Loan Subject to SBA 36 Basis Point Fee:

- The third example shown is an unsold loan subject to SBA's 36 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.

Footnote:

- 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.
- 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)



SBA Procedural Change

As per SBA Policy Notice 5000-931, all SBA 7(a) loans approved on or after October 1, 2004 will be subject to a 50 basis point fee. All loans approved prior to October 1, 2004 will retain the basis point fee that is currently in effect. Fee calculation methods and reporting procedures remain the same.

This will require lender reporting to change the basis point fee calculation for loans meeting the criteria. The following are the 50 basis point fee calculations:

- For fully disbursed term loans, the fee is calculated as follows:
$$\frac{[\text{Guaranteed Portion Opening Balance}] \times [.0050]}{[\text{Calendar Basis}] \times [\# \text{ of days}]}$$

(For example: $\$450,000 \times .0050 \div 360 \times 30 = \187.50)
- For partially disbursed term loans and loans with revolving features, the fee is computed as follows:
$$\frac{[\text{Guaranteed Portion Interest Received}] \times [.0050]}{[\text{Interest Rate \%}]}$$

(For example: $\$2,250 \times .0050 \div .06 = \187.50)

A version of the Solution #3 template (1502 Fee Calculator) that can accommodate the 50 basis point fee calculations can be found on our web site at www.colsonservices.com in the 1502 Reporting Center. The template is available in Excel and Lotus formats.

If you have any questions regarding fee calculations, please contact Customer Service toll-free at (877) 245-6159 or via e-mail at info@colsonservices.com.