



## SBA GUARANTEED LOAN POOL CERTIFICATE PROGRAM

### Pool Formation:

#### A. Pool Parameters:

- Minimum of four (4) underlying loans in each pool.
- Minimum of one million dollars as aggregate balance of each pool.
- All loans must float on the same basis (i.e., all quarterly or all monthly, indexed to low *Wall Street Journal* prime only).
- All pools issued prior to October 2005, the shortest loan maturity was 70% of the longest loan maturity.
- The largest underlying loan in the pool cannot comprise more than 25% of the pool (principal amount).
- The underlying loans must be in current status, this is the loan repayment category in which no payment is no more than 29 days past due (e.g., pool issue month of 3/1, loan interest paid to must be at least 1/1).
- The difference between the gross rates on the loans can be no more than 2%.
- If one loan in a variable rate loan pool has an interest rate cap, the pool as a whole must have a cap, equal to the lowest loan cap.
- If all of the loans in a variable rate loan pool have an interest rate floor, the pool as a whole must have a floor, equal to the lowest loan floor.
- If at least one of the loans in a variable rate loan pool does not have an interest rate floor, then the pool as a whole will not have a floor.
- Pool certificates will reflect the appropriate cap and/or floor designation associated to a respective pool. Should a pool have a cap, and no floor, as determined by the above parameters, the certificate will reflect: Cap 13.0%, Floor none.
- The rate on a pool certificate (pool rate) must be equal to the lowest net rate (the rate of interest, net of fees), on an individual guaranteed portion in the pool.
- If a loan's net rate is higher than a pool rate, the Pool Assembler can take an Originator Fee on the loan to adjust the net rate to the pool rate, but only if an Originator Fee is not currently being taken.
- The maturity date on a pool is the 25<sup>th</sup> of the month following the loan with the longest maturity.

#### B. Pool Assemblers:

- Pool Assembler presents a preliminary worksheet to the FTA with an SBA Form 1454, Application for Pool Assembly. Upon receipt by the FTA, the worksheet will be reviewed to determine if all the loans meet the pool parameters.
- The Pool Assembler's worksheet must include the following information:
  - FTAGP number on each underlying loan
  - Maturity date on each loan
  - Outstanding balance on each loan
  - Borrower's rate, net rate less FTA Fee, and Originator's Fee (if any), on each loan

- The SBA Form 1454 (Application for Pool Assembly) must include:
  - Total balance on the pool
  - Pool maturity date
  - Pool rate and the adjustment period
  - Pool Assembler's internal pool number
  - Two (2) SBA authorized signature
- The FTA will contact the Pool Assembler after their worksheet has been reviewed. If a loan does not fit the parameters of the pool, it must be taken out and the Assembler has the option of replacing it with another loan.
- If all the loans fit the pool, the Assembler will then be advised of what documents are needed to complete the pool (e.g., Originator Confirmation notices, disclosure statements, SBA Form 1088, initial split instructions, and FTA Fees due).
- The certificates for each loan can then be delivered to the FTA.
- A pool will settle within two full business days upon receipt of the worksheet by the FTA, provided the pool is in proper order and all documents, certificates, and fees have been received by the FTA.
- Applications for pool assembly will be accepted up to the 20<sup>th</sup> day of the pool issue month for all pools. Should the 20<sup>th</sup> day fall on a weekend or a holiday, the applications will be accepted up to the prior business day. Applications received after this time will be considered for settlement in the following month.
- Any guaranteed portion that is to be certificated and placed in a pool within the same month, must be certificated by the 12<sup>th</sup> business day of said month. (Pool applications should be submitted after all guaranteed portions for the pool have been certificated.)

C. Interest Adjustments:

- If interest on the underlying loan is paid past the issue date of the pool, the Pool Assembler is claimed for the appropriate number of days interest, (e.g., a 7/1 issue date with a loan interest paid to date of 7/10, results in a claim of 7/1 to 7/10 at the respective pool rate).
- If interest on the underlying loan is paid prior to the issue date of the pool, the Assembler will be advanced the appropriate number of days interest, (e.g., a 7/1 issue date with a loan interest paid to date of 6/18, results in a payment to the Assembler of 6/18 to 7/1 at the respective pool rate).
- Interest adjustment processing is completed within three weeks from the settlement date of the pool.

D. Pool Payment Dates:

- SBA pools pay principal and interest on the 25<sup>th</sup> of each month, with the exception of first payments on new issued pools, these payments consist of interest only.
- Variable rate pool payments have an 85 day delay (e.g., interest from 7/1/99 to 8/1/99 is payable 9/25/99).
- Fixed rate pool payments have a 70 day delay (e.g., interest from 7/15/99 to 8/15/99 is payable 9/25/99).
- Record date for SBA pools is the last business day of the month. The Registered Holder on the books of the FTA at record date is entitled to that month's principal and interest payment. (e.g., All holders of record on 6/30/99 will receive the scheduled payment for 8/25/99. Certificate transfers received from 7/1/99 to 7/31/99 will be entitled to the 9/25/99 payable, etc.)

E. Pooling Fees:

- The FTA pool formation fee is \$30.00 per loan.
- The transfer fee is \$20.00 per loan for each certificate delivered in which is not in the Assembler's name.
- Pool split fees are \$20.00 per each pool certificate issued after the pool assembler's master pool certificate has been issued.
- An 1/8% servicing fee is taken from each individual loan that does not already have a fee taken.
- Any new Originator's Fee entered into the 7(a) secondary market on or after July 1, 1989, will be assessed a processing charge of two (2) basis points per annum.
- This charge will be collected monthly from the Borrower's not payment and is payable to the FTA.
- Where applicable, the additional charge of two (2) basis points will be added to the FTA servicing fee of 1/8%.

F. Pool Certificates:

- Minimum face amount of any pool certificate: \$25,000.00.
- All certificates must be multiples of \$5,000.00, with the exception of one certificate per pool (tail piece).