SBA ONE TRAINING
FOLLOW UP QUESTIONS

TOPIC: A Closer Look: Loan Origination

DATE: March 29th, 2017

Thank you for attending the SBA One training *Step by Step: How to Enter a 7a Loan into SBA One*. This document is meant to provide participants with additional information around the material presented during the session as well as the questions raised during the call.

GENERAL SYSTEM FEATURES

1. **SBA One supports the following Loan Types:**
    a. 7(a) Standard
    b. 7(a) PLP
    c. 7(a) CLP
    d. SBA Express
    e. Community Advantage

2. **SBA One offers the following features for SBA One Originated Loans:**
    a. Loan packaging
    b. Automated form building
    c. Documents – system generated or manually uploaded
    d. Document storage
    e. E-signature (for system generated documents only)

3. **SBA One offers the following features for Non-SBA One Originated Loans:**
    a. Ability to create & submit Form 159
    b. Document Management (storage)

4. **The following are required for Lenders to use SBA One:**
    a. Obtain CLS user ID and password
    b. Update access to E-TRAN Origination
    c. View PIMS access
    d. Receive applicable role(s) access for SBA One in CLS
    e. Have one of the supported browsers:
        i. Internet Explorer - version 11
        ii. Chrome - versions 55 and lower
        iii. Firefox - versions 31, 32, 33

5. **How does SBA One work for Loan Origination?**
    a. The vision in creating SBA One was to create an end to end, online Loan Origination System that was available to Lenders at no cost.
    b. SBA One:
        i. Automates and simplifies the SBA 7(a) loan guaranty process

ii. Offers one-stop-shop-for SBA 7(a) loan guaranty applications
iii. Supports a single data, content, and document management system to consolidate and reduce the data that lenders must store
iv. Improves the efficiency and effectiveness of performing lender oversight

6. **I am new to SBA lending, will the system tell me if I answer something incorrectly?**

Response:

The system is designed to take out most of the guesswork and questions around SBA lending. SBA One help lenders package a loan through prompts, proactive reminders, automated form building and helpful hints.

7. **What are the differences between the Guided Path and the Expert Path?**

Response:

a. The *Guided Path*:
   i. Any loan type offered on SBA One may be submitted via the Guided Path
   ii. Non-Delegated lenders are required to use the Guided Path
   iii. Delegated lenders may use the Guided Path
   iv. All loans going to LGPC must use the Guided Path (i.e. All Non-Delegated Loans).
b. The *Expert Path*:
   i. PLP, SBA Express, & Community Advantage (Delegated) Loans
   ii. Delegated Lenders only
   iii. Delegated Loans only
c. Users may create a new loan by selecting Loan Origination from the main navigation and clicking on the *Create New Loan* button.
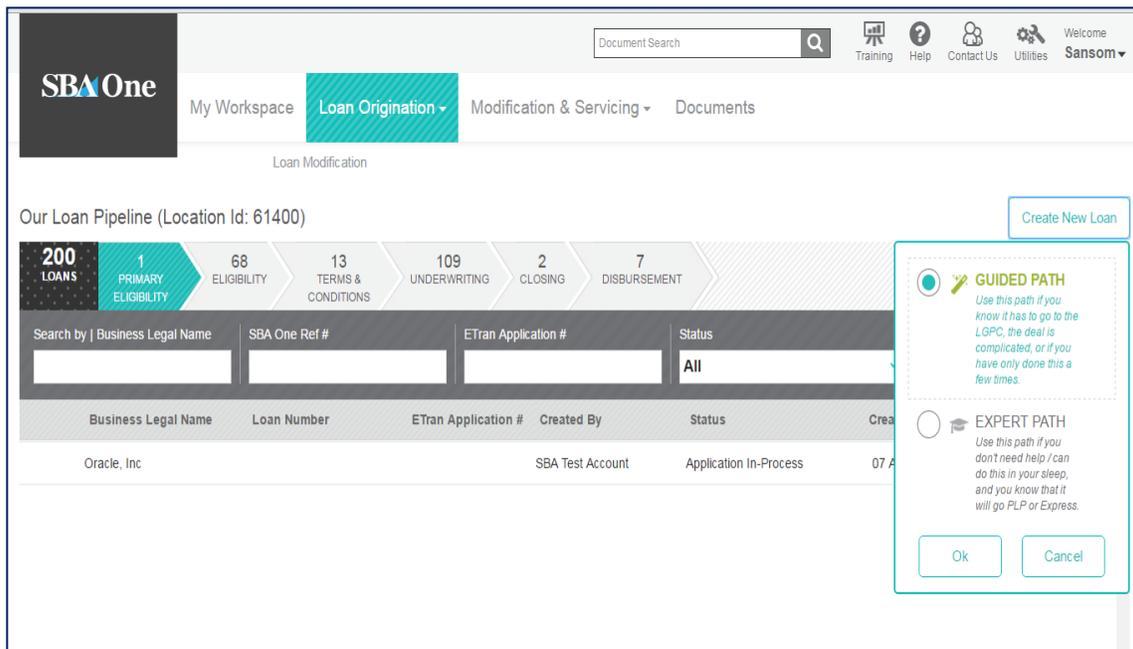
ELIGIBILITY – BORROWER INFORMATION

1. **What if you have 2 individuals as sole proprietors that own 50% each and the loan is a EPC/OC Structure and has Separate Entity will operate the Business?**

<u>Response</u>:

> If the Applicant's legal entity is *Sole Proprietor*, ownership% of the business owner will be system defaulted to 100% and the business owner's spouse can be associated with a 0% ownership.

2. **What is the best practice for entering a separate entity as a signer or owner of another entity. Sample: ABC, LLC is the manager for XYZ, LLC.**

<u>Response</u>:

> Entity as an owner of another Entity structure is currently not supported in SBA One. Note: This has been identified as a future enhancement.

3. **On the *Borrower Information Screen* -- whether an *Operating Company* or *Eligible Passive Company* is supposed to be listed as *Borrowing Entity*. Isn't *Borrowing Entity* always the eligible passive company, if there is one?**

<u>Response</u>:

   a) If the primary borrower's legal entity type is selected as *Individual*, then borrower type will default to *EPC* and cannot be changed.
   b) Borrower entered in the first row is always deemed to be the *Primary Borrower.*

ELIGIBILITY
Borrower Information

If EPC/OC scenario: although an EPC is the primary borrower, the questions on the following pages About the Business relate to the operating company benefitting from loan proceeds.

Borrowers		
Small Business Borrower Legal Name * Applicant	Legal Entity Type	Borrower Type *
EPC - Primary Borrower	Sole Proprietorship	EPC
OC - Co-borrower or Guarantor	Corporation	Co-Borrower

4. If a foreign owner owns 19% and has no social or is not an immigrant, what should I do?

Response:

According to the SOP 50 10, foreign owners must be verified with the United States Customs and Immigration Services (USCIS). Please follow up with your LRS for more information.

5. On size standards, there was 3 radio dials, how do we know which one to choose?

Response:

In this particular scenario, we had an EPC, a Co-borrower and declared there was an affiliate of the Borrower/Co-borrower (the Affiliate will not be listed as a Co-Borrower because it is not a Guarantor but it must be documented that it exists. The affiliate should be added as a co-borrower if required to sign the Note).

In the *Eligibility* section, *The Basics* requires the *Borrower Information*. The *EPC* is the Real Estate Holding Company and a LLC. Since it was marked as an *EPC*, the system automatically presents an additional row for the *Co-Borrower* for the *EPC*. In this case, the *Co-Borrower* is listed as the Dentist which is also a LLC.

Further into *Eligibility*, we come to the *Affiliates* section. This is where we are able to fill out the information to ensure all Affiliates are declared as required.

Once presented with the *Size Standard* page, we made the selection for the *SBA Size Standard*. The system will present the grid for *Size Standard Details* based on this selection. It is due to how we filled out both the Borrower Information and the Affiliates information that the Size Standard Details automatically made the selection for the *Primary Business*. So in this particular setup, because we only have an *EPC* and a *Co-Borrower* previously listed as *Borrowers*, the system automatically selected the *Co-Borrower (The first Operating Company is defaulted as the Primary Business)*.

6. Can you make changes to the documents once guaranty is generated, i.e. the authorization?

Response:
SBA One will automatically generate a draft authorization in PDF format document that users are able to modify using Adobe Pro. The Authorization document can also be saved in Word format and

them modified. After entering the application information, the document will be located in *Tab 3* of the *Ten Tab*.

7. **What is meant by is the guaranty secured?**

   Response:
   > A guaranty is needed to provide assurance that the loan will be repaid. To secure a guaranty, whoever is identified as a Secured Guarantor is agreeing to provide their collateral to make sure this happens.

8. **You went over something called CAIVRS regarding delinquent taxes? What is that and how do you access it?**

   Response:
   > *CAIVRS* is needed for Delegated Authority loans only. If you are submitting a Non-Delegated loan you are not required to provide this information.
   >
   > CAIVRS was developed by the Department of Housing and Urban Development in June 1987 as a shared database of defaulted Federal debtors, and enables processors of applications for Federal credit benefit to identify individuals who are in default or have had claims paid on direct or guaranteed Federal loans, or are delinquent or other debts owed to Federal agencies.

1. **I have come across the situation where I select "yes" when asked if a borrower has had a prior government guaranteed loan (including student loans). However, further on in the screens, I am asked to fill out prior SBA loan information. The borrower has only had a student loan, not any prior SBA loans. When I select "no" to the prior question, the requirement to input prior SBA loans goes away. How do I answer that question if the borrower has only had a student loan and no prior SBA loan?**

Response:
   a. In the *About the Business* section there is the following question: "Has the Applicant, any of its Affiliates, or any Associate ever obtained a direct or guaranteed loan from SBA or any other Federal agency or been a guarantor on such a loan?" This question includes student loans and disaster loans.
   b. In the *About the Principals/Guarantors* section there is the following question: "Has the principal, or any business owned or controlled by the principal or any Associate ever obtained

a direct or guaranteed loan from SBA or any other Federal agency or been a guarantor on such a loan?" This question also includes student loans and disaster loans.
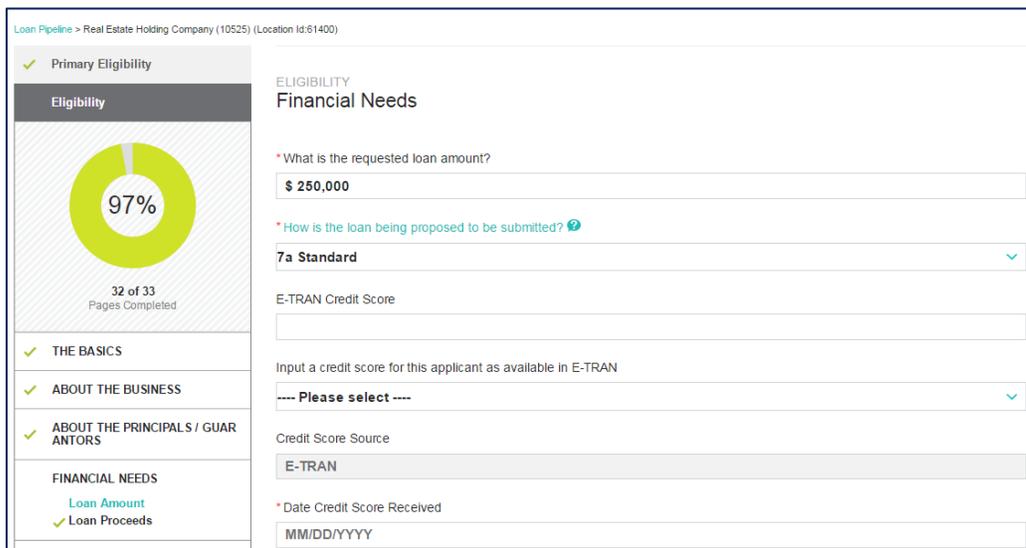
c. Student loans should be at the principal level. So if only Student loans are associated with a principal, then answer No to the 1st Question and Yes to the 2nd Question. Note: The SBA One Development Team has made a note of this and will modify the first question, removing the reference to the student loans.

CREDIT SCORING

1. **Where do I obtain the credit score?**
Response

SBA One will only require a credit score for loans that are under $350k and the loan program type is not SBA Express. This is determined when you enter in the *Loan Amount* in the *Financial Needs* section of *Eligibility*. If you enter an amount under $350k the system will adjust the questionnaire to request what proposed loan type is being submitted and then automatically pull the credit score as appropriate.

2. **What do I do if I receive an improper credit score?**

Response:

When you receive an improper score:
a. Make sure the borrower and business information is entered correctly
b. Verify with borrower that their credit is not frozen
c. Retry score

If you still receive an improper score you have four options:
a. Decline the request
b. Delegated Lenders may underwrite loan using $350,000 rules, go into ETRAN and check the box to certify that the credit for the application has been analyzed in accordance to the SOP requirements for large 7a loans
c. Non-Delegated Lenders may resubmit for reconsideration in ETRAN
d. Submit an SBA Express loan

3. If I do not run personal credit or business credit will the SBA? If so will I get a copy?

Response:
a. A personal credit report is not required to apply to SBA and no copy will be provided from SBA.

SELECTING A LOAN PROGRAM TYPE
1. How do I select the loan program type in SBA One?

Response:
You will not select what type of loan you are submitting up front except for Community Advantage loans; SBA One will provide a list of available options in *Terms and Conditions* based on your PIMS agreement and previous answers within the application. Please note: the maturity of the loan has to be filled out for the dropdown to work correctly.
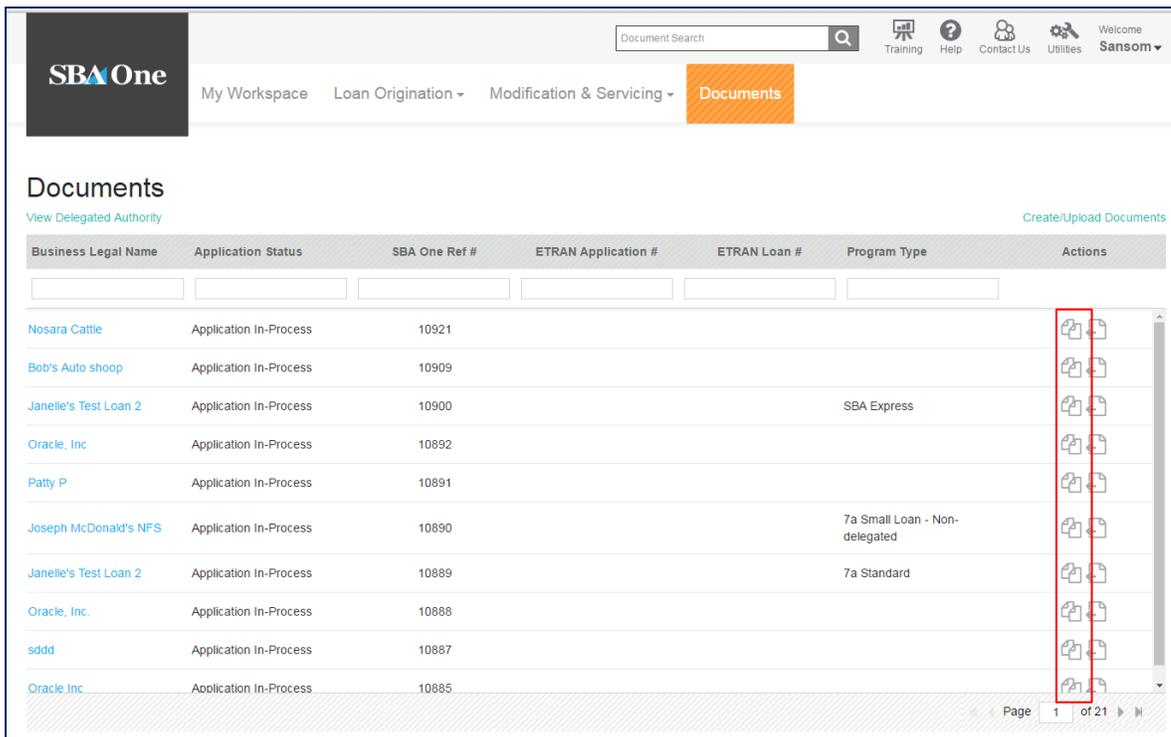

COPYING A LOAN
1. How do I copy a loan?

Response:
Lenders are able to use the *Copy* function to carry over the eligibility information versus re-entering it. To do so, select *Documents* on the main navigation. A grid will be presented with all the loans on the Location ID. Under the *Action* column, select the *Copy* function.

2. **if a lender has a companion loan and wants to copy the application - do they have to choose the copy command before they submit to ETRAN for the loan number or can they do it after also?**
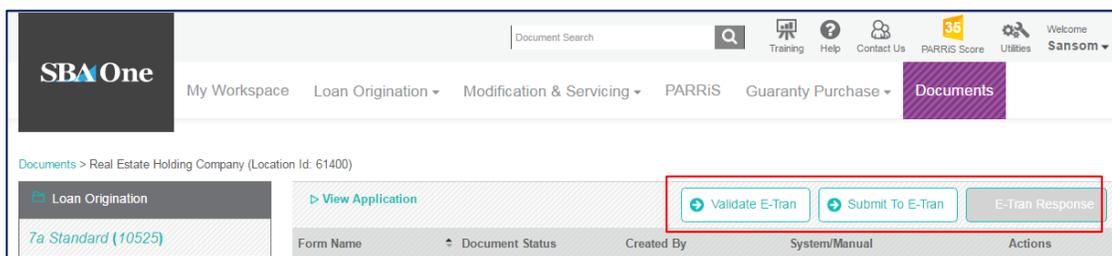
   Response:

   Users may copy a loan at any time, even after submitting to E-Tran or if the loan has an *Aged Out* status. Please note: the documents will not be copied from the *Ten Tab*.

SUBMITTING A LOAN

1. **Once everything is completed and required documents are uploaded, how do you actually submit the loan?**

   Response:

   The ability to submit to E-Tran is located in the *Ten Tab* of the loan. To access the *Ten Tab*, you will navigate by clicking the *Documents* button and selecting the appropriate loan name. Once you have completed the loan package, it is suggested that you use the *Validate E-Tran* button to identify any errors. Lenders may use the *Submit to E-Tran* button when the package is ready and the *E-Tran Response* button to view the follow up communication from E-Tran.

MODIFYING A LOAN

1. **If after you submitted a new application and notice that you made an error can you go back to SBA One and fix the error or is it only in ETRAN that you can fix the error at this point?**

   Response:
         Loans that are originated in SBA One may be modified as long as they have not been submitted to E-Tran. Once submitted to E-Tran, lenders will need to use E-Tran to modify loans.

UPDATING THE STATUS OF A LOAN

1. **Once a loan is "funded" in E-Tran, and an authorization was forwarded by LGPC, what will trigger the loan to advance from In *Review/Reviewer 1* status to a *Funded* status?**

   Response: The user can update the Loan status in SBA One if the loan is in *Funded* status in E-Tran.

       d. Search for the loan on the *Documents Tab*
       e. Select loan and then select *Update Loan Status*

RAPID
1. **What is RAPID?**

   Response:
       RAPID Is:
       a. An optional feature that allows Lenders to send a request to borrowers for their 1919 information
       b. Borrower's would be able to enter their information in a separate database that will feed into SBA One
       c. Lender's retain the right to modify information once in SBA One
       d. All RAPID requests will lock down the loan for a minimum of 24 hours; if the borrower clicks on the link within the 24 hour window, the window will extend to 5 days

DOCUMENT MANGEMENT

1. What Documents does SBA One provide the ability to system generate?

Response:

SBA One provides Users with the ability to system generate the following documents in the Ten Tab of the Loan:

Tab	Forms / Certificate / Agreement
1	Form 1919, Borrower Information Form
1	Form 1920, Lender Application for Guaranty and Eligibility Checklist
1	Community Advantage Addendum 2449
2	Schedule of Collateral
2	Loan and Credit Memo Detail Report
3	Draft Authorization
4	Form 912, Statement of Personal History
4	IRS Form 4506-T, Request for Transcript of Tax Return
6	IRS Form 4506-T, Request for Transcript of Tax Return (Business)
7	IRS Form 4506-T, Request for Transcript of Tax Return (Affiliate)
8	Franchise Agreement Addendum (SBA Form 2462)
10	Form 1050, Settlement Sheet
10	Form 147, SBA Note
10	Form 148, Unconditional Guarantee
10	Form 148L, Unconditional Limited Guarantee
10	Form 155, Standby Creditor's Agreement
10	Form 159 (7a), Compensation Agreement
10	Form 1846, Statement Regarding Lobbying
10	Form 601, Agreement of Compliance

10	Form 1059, Security Agreement
10	Loan Agreement
10	Form 1971, Religious Eligibility
10	Borrower's Certification

2. If you are a PLP lender you would not have to complete the underwriting section and upload any documents, correct?

Response:
    PLP lenders will need to complete the Underwriting section but do not need to upload any documentation. For SBA Express loans, underwriting section need not be completed.

ETRAN

1. Does the information I enter into E-Tran or SBA One automatically transfer or populate into the other system? If I start a loan in one system, am I able to complete it in the other without re-entering information?

Response:
    If a loan is started in one system, the information will not automatically transfer or populate into the other system. Only when you click the Submit to E-Tran option in the Ten Tab will SBA One officially send information to E-Tran.

HELP & TECHNICAL SUPPORT
If you have a question or are experiencing technical issues in SBA One please contact Customer Support:

Call SBA One Customer Service at 1-877-245-6159, Option 5 or email SBA.One@BNYMellon.com
(Please have the following information as needed):
- Lender Name:
- Contact Name:
- Phone:
- Email:
- Where the Issue was Encountered (Select One): Production or Test site
- Date Issue Occurred:
- SBA One Reference Number:
- Loan Name:
- Description of Problem/Issue.
- (For emails) Please include screenshots
- Description of Problem/Issue
- (For emails) Indicate in the subject line: "Production Loan" or "Test Loan"