U.S. Small Business Administration

Charge-Off Tabs

Submit by Email | Print Form

Charge-off is an SBA administrative action whereby a loan is reclassified from “liquidation” to “charge-off” status and the outstanding balance of the loan is removed from the Agency’s accounting records. It has no impact on an Obligor’s liability for the loan balance. (SOP 50-57)

This Tab system was designed to help you assemble your final wrap-up report. In order for SBA to process and expedite your request for Charge Off, the following Charge-Off Tabs must be completed. Please be sure to complete all information requested and provide the appropriate supporting documentation as noted. If any information is not provided, please provide an explanation.

Once your Charge-Off package is received it will be assigned to a Loan Specialist for review. All Charge Off requests are assigned for review and consideration to a Loan Specialist in order of date received. If we are unable to process your request, you will be notified by the Loan Specialist or our Customer Service Department.

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Submit Electronically: NGPC CHGOFF and CPC Box.com

U.S. Small Business Administration
Attn: Charge-Off Department

13221 Woodland Park Rd
Herndon, VA 20171

Lender Information 1

Borrower Name:	SBA Loan Number:

Companion Loans:

Has the guaranty been honored? ☐ Yes ☐ No

If the loan was sold on the secondary market, has the Post Purchase Review been completed? ☐ Yes ☐ No

Was this loan part of an FDIC Loss/Share Agreement? ☐ Yes ☐ No

Lender Contact Information

Lender Name:		Contact Name:
Phone:	Fax:	E-mail:

Address:

City:	State:	Zip Code:

Global Certification

I, of ,
hereby certify, represent and warrant on behalf that all information and documentation submitted to the U.S. Small Business Administration in connection with this final wrap-up report is accurate, genuine and complete and contains true copies of 's records for this loan. I further certify that I have personally reviewed and confirmed, based upon 's records, the copy of 's Transcript of Account with respect to this loan provided herewith and that to the best of my knowledge and belief the information contained therein is true and accurate. I also certify to the best of my knowledge and belief that has materially complied with the SBA Loan Program Requirements (as defined in 13 CFR 120.10) applicable to this loan.

By signing below, I represent and warrant that I have the proper authority to execute this document on behalf of .

Signature:	Date *(mm/dd/yyyy)*:

Charge-Off Checklist 2

Is Charge-off Appropriate?

Charge-off is appropriate when:

- All reasonable efforts have been exhausted to achieve recovery from (1) voluntary payments on the Note, (2) compromise agreement with the Obligors; (3) liquidation of the collateral; and (4) enforced collections;
- The estimated cost of further collection efforts exceeds the anticipated recovery;
- The only remaining avenue of recovery is from Obligors who cannot be located or who are unable to pay the loan balance; or
- The loan balance is uncollectible due to discharge in bankruptcy (i.e., release of the debtor from any further personal liability for pre-bankruptcy debts), the expiration of the statute of limitations (i.e., the passing of the deadline for suing), or the existence of another defense available to the remaining Obligors under state or federal law.

Check Yes or No regarding the status of the subject loan.

	Yes	No
Pending Post Purchase Review?	☐	☐
Ongoing Liquidation and/or Litigation?	☐	☐
Open Bankruptcy with potential for further recovery?	☐	☐
Ongoing offer in Compromise payments being submitted?	☐	☐
Is there a possibility of further recovery?	☐	☐
Workout the Borrower is complying with?	☐	☐
* Paid-in-Full Status?	☐	☐

** If Lender believes the loan is paid in full, contact the Center to reconcile.*

If you answered **Yes** to any of the questions, this loan is **NOT** ready for charge-off. Do not submit this package until the loan is fully ready for charge-off. Until then, continue to submit **Semi-annual Reports (SAR)** until the loan is ready for charge-off or paid in full.

NOTE: SBA **cannot** consider the payment of expenses or the charge off of a loan, without an outstanding balance.

If the lender has marked the loan as **paid in full** and **released** the **guarantors**, SBA **cannot** consider the payment of fees, as those fees can no longer be added to the principal balance.

When applying recovery proceeds, **be sure to apply them to** 1) expenses, 2) principal balance, 3) accrued interest (after the principal balance of the loan has been paid in full).

Assignment Form

Please provide an executed Assignment form. Please use the following link to go to the Assignment form that must be filled out, signed and notarized.

https://www.sba.gov/document/sba-form-sba-assignment-form

Charge-off Justification 3

Charge-off Justification

Please attach a detailed narrative describing the lenders recovery and collection efforts, including status of all collateral and guarantors.

Site Visit Report

Please provide a copy of the post-default Site Visit Report or an explanation for why a site visit was not conducted.

Lender’s Transcript

Please provide a current signed and dated copy of the complete Lender’s Transcript. If liquidation proceeds are listed on the transcript, complete Tab 4.

Please List the amount of Total Recoveries:

Please apply all recoveries either to expenses or the principal balance of the loan on the transcript.

Please list all OIC and / or Bankruptcy payments received from all Obligor(s) on the transcript.

Please list the amount of total expenses already reviewed and paid by SBA on the transcript.

Please list the Lenders total pending expenses:

Recovery Worksheet 4

Please summarize all recoveries using the spreadsheet below. You **must** include all supporting documentation (i.e. HUD1 sheet(s), auction report(s), settlement statement(s), bill(s) of sale, and/or copies of cancelled checks).

An Offer in Compromise (OIC) is considered recovery and must be included. Provide supporting documentation for funds held in escrow listed on the HUD-1. Please include a total of any post default payments received from any Obligor(s).

If recovery is from a Note sale, please attach a copy of SBA's approval.

If the credit bid on REO property was listed on the transcript at the time of purchase, and the property was sold at a gain, please list amount.

	Date *(mm/dd/yyyy)*	Collateral Sold	Amount Applied to Expenses	Net Amount Applied to Principal
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
		Total Recovery		

Application of Recoveries

Unless the terms of a workout agreement or some other legally binding document, such as a court order, specify otherwise, recoveries (i.e., funds obtained through liquidation activities) are to be applied in the following order: Recoverable Expenses incurred in the liquidation process; Principal balance of the loan; and Accrued interest.

Were all recoveries applied as stated above? ☐ Yes ☐ No

Have all recoveries been sent to SBA? ☐ Yes ☐ No

If No to either question, please attach a memo of explanation.

Requests for approval of Recoverable Expenses may only be submitted with the Lender's Purchase Package or with the Lender's Wrap-Up Report (Charge-Off Tabs). Please read SBA Informational Notice 5000-1311for guidance on when lenders may submit requests for approval of Recoverable Expenses. Please use the Care of Preservation of Collateral (CPC) Tabs, located at https://www.sba.gov/document/sba-form--care-preservation-collateral-cpc- tabs when submitting a Recoverable Expense request with your Wrap-Up Report (Charge-Off Tabs). After the loan has been charged off, SBA will no longer accept a request for reimbursement of recoverable expenses.

Collateral/Obligor Worksheet 5

Collateral Worksheet

Description of Collateral	Lien Position Per Loan Authorization	Current Lien Position	Liquidated	Substituted	Remaining	Abandoned*
1			☐	☐	☐	☐
2			☐	☐	☐	☐
3			☐	☐	☐	☐
4			☐	☐	☐	☐
5			☐	☐	☐	☐
6			☐	☐	☐	☐
7			☐	☐	☐	☐
8			☐	☐	☐	☐
9			☐	☐	☐	☐
10			☐	☐	☐	☐
11			☐	☐	☐	☐
12			☐	☐	☐	☐

If business personal property or real property collateral has been substituted, please attach:

- Copy of amendment to the Loan Authorization.
- Address and description of the real property that was substituted.
- Make, model and serial number of the substituted collateral

** If you checked "abandoned", please complete Tab 6.*

Shared Collateral:

If Lender listed companion loans on Tab 1, do any of the companion loans have shared collateral? ☐ Yes ☐ No

If Yes, please attach a narrative that explains the following:

- What collateral was shared with each loan along with how recoveries and expenses were applied.
- If loan is Pari Passu, please attach a transcript of the non-SBA loan.

Has SBA approved an Offer in compromise (OIC)? ☐ Yes ☐ No

If yes, did the Obligor(s) remit all of the required payments? ☐ Yes ☐ No

If no, please provide explanation.

Obligors Worksheet

Guarantor Per Loan Authorization	Remaining	Released	Bankrupt	Limited*	Deceased *
1	☐	☐	☐	☐	☐
2	☐	☐	☐	☐	☐
3	☐	☐	☐	☐	☐
4	☐	☐	☐	☐	☐
5	☐	☐	☐	☐	☐
6	☐	☐	☐	☐	☐
7	☐	☐	☐	☐	☐
8	☐	☐	☐	☐	☐
9	☐	☐	☐	☐	☐

** If limited, please indicate the amount or percentage Obligor is limited to. Please cite if the limited amount is secured or unsecured. If secured, please attach a list of the collateral.*

** If deceased, please provide a copy of the death certificate or printout of the verification from the Social Security Administration records.*

Has the lender entered into any settlement agreements (such as a Deed in lieu of foreclosure) that resulted in the release of any obligors? ☐ Yes ☐ No

If Yes, please attach SBA's concurrence of the release of guarantor.

Has Lender filed a judgment against any Obligor(s)? ☐ Yes ☐ No

If Yes, please list the name of the Obligor(s) and the amount of the judgment.

Name of Obligor	Amount of Judgment
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	

Please attach a copy of the judgment behind this Tab.

Collateral Disposition 6

Abandonment of Collateral

Personal Property

Personal property collateral may be abandoned if the collateral has no significant Recoverable Value, i.e. the individual or aggregate Recoverable Value is **$5,000 or less**.

- Has any Personal Property Collateral been abandoned? ☐ Yes ☐ No
- If No, please proceed to the "Real Property" section on Tab 6b.
- If Yes, please attach an itemized listing of abandoned personal property. List must include: The type of property, Make, Model, Year, Serial and / or VIN number.

Supporting documentation to be included:

- Cost Benefit Analysis
- Post default appraisal/valuation - or other documentation used to support value (must never be more than one year old at the time the Lender relies on it to make decision).
- Amounts owed to all senior lien holders.

Real Property

Real Property Collateral may be abandoned if the collateral has no significant Recoverable value, i.e. a Recoverable Value **less than $10,000 per parcel**. The decision and justification for abandoning collateral, including the basis for the Recoverable Value estimate, must be documented in the loan file.

- Has any real property Collateral been abandoned? ☐ Yes ☐ No
- If No, proceed to Tab 7.
- If Yes, attach a written justification for such action along with the supporting documentation.

Supporting documentation to be included:

- Cost Benefit Analysis
- Post default appraisal/valuation - or other documentation used to support value. (must never be more than one year old, at the time the Lender relies on it to make decision).
- Amounts owed to all senior lien holders.
- Post default Environmental Reports (summary pages of Phase I and II), if required.

If Real Property abandoned, please complete the following chart or attach a listing of abandoned Real Property Collateral.

Property Address	CRE/RRE	Amount owed on Senior Liens	Current Market Value
	Select Type		
	Select Type		
	Select Type		
	Select Type		
	Select Type		

CRE - Commercial Real Estate; RRE - Residential Real Estate

Acquired Collateral must not be abandoned unless abandonment of the REO or acquired personal property collateral has been pre-approved by SBA as an exception to policy obtained in accordance with the procedures set out the most recent version of SOP 50 57.

Treasury Referral 7

NOTE: Business Legal Entities: If legal entity is no longer operating, dissolved, and has not operated for more than two years, please provide SBA with documentation that obligor's business has been legally dissolved. Eligible active entities will be referred.

After Charge-off, if further collection is not barred by a valid legal defense such as compromise, discharge in bankruptcy, or statute of limitations, the loan and remaining Obligors must be referred to Treasury for further collection efforts (Debt Collection Improvement Act of 1996).

Name of Business:

Name of each Business or Obligor	SSN/TIN	Current Address with Zip Code	Treasury Referral? Y	Treasury Referral? N	Reason Not to Refer Use Codes Below
1			☐	☐	Select Reason
2			☐	☐	Select Reason
3			☐	☐	Select Reason
4			☐	☐	Select Reason
5			☐	☐	Select Reason
6			☐	☐	Select Reason
7			☐	☐	Select Reason
8			☐	☐	Select Reason

Reason Not to Refer: *B-bankruptcy, D-deceased, L-limited, C-compromise, O-other*

If "Other" selected please explain. If SSN / TIN missing please explain.

Upon receipt of notice of a bankruptcy filing or other litigation concerning an SBA loan referred to Treasury, the Person receiving the notice must immediately notify the SBA Treasury Offset Division in Birmingham, Alabama so that the loan can be recalled from Treasury and SBA legal counsel can take appropriate action in response to the litigation. The notice, which must include the Borrower's name and the SBA loan number, should be faxed or e-mailed to:

Supervisory Loan Specialist
Treasury Offset Division

Fax: 202-481-5706
E-mail: BirminghamTOPS@sba.gov

Note: Regardless of whether the loan was originally serviced by the Lender, after the loan has been referred to Treasury, all subsequent litigation is handled by SBA legal counsel(Chapter 3, Paragraph B, SOP 50-57).

Summary of Outstanding Expenses 8

Are there any outstanding expenses that have either been deducted from recovery and not yet reviewed, or not yet reimbursed?
☐ Yes ☐ No

By checking No, you are confirming that there are no additional expenses. (After the loan has been charged off, SBA will no longer accept a request for reimbursement of recoverable expenses).

If No, you have completed the Charge off Tabs.

Expenses Deducted to be Reviewed:

Expenses Not Yet Reimbursed:

TOTAL Outstanding Expenses:

Requests for pending unpaid or not yet reviewed expenses must be sent using the **CPC Tabs** and sent to SBA using Send This File. The **CPC Tabs** should be submitted at the same time as the Charge Off Tabs. Use the following link https://www.sba.gov/document/sba-form--care-preservation-collateral-cpc-tabs to download the most recent version.

Per SOP 50 57, the following rules apply to the submission of Expense Reimbursements.

1. **When Requests May be Submitted**

   To prevent backlogs and expedite the SBA review process, requests for reimbursement or for approval of Recoverable Expenses deducted from recoveries may only be submitted at the following times:

   a. **Submission of Loan Guaranty Purchase Request**

      Requests for SBA reimbursement of Recoverable Expenses or approval of expenses paid for from recoveries may be submitted with the Lender's Purchase Package.

   b. **Submission of Wrap-up Report**

      All remaining requests for SBA reimbursement of Recoverable Expenses or approval of expenses paid for from recoveries should be submitted with the Lender's Wrap-up Report on the Loan.

NOTE: The lender must NOT use recovery proceeds to pay-off loans principal balance if there are unpaid expenses that the lender has yet to submit for review and approval.