



## SERVICING & LIQUIDATION UNILATERAL AUTHORITY: GOING A STEP BEYOND

As a lender, handling a loan in servicing or liquidation is one of the last things you want to do. Yet what you thought was a good deal has gone sour. It happens. In its ongoing initiative to make this process easier for lenders, the SBA provides the [Servicing & Liquidation Actions 7\(a\) Lender Matrix](#) as a guide for actions needing SBA approval and those you can take under Unilateral Authority. Importantly, you need document, document, document. The SBA makes it clear in the Matrix:

"...When taking action that falls within a lender's unilateral authority, the lender is encouraged to notate the loan file with a statement such as, 'This action was taken under unilateral authority.'"

We recommend going a step further: Always - always - put a hard copy of the Matrix current to when you make a decision under Unilateral Authority in the loan file along with your internal documentation. "Current" is the operative word. Unilateral Authority can change over time and if your bank ever needs to ask the SBA to repurchase the guaranty of a loan in liquidation, you have documentation to support your authority to make any changes in servicing/liquidating the loan.

Here's a working example from the [Matrix](#). Let's use the action, "Change interest rate prior to initial disbursement." Under the Unilateral Action header there's an X in the E-Tran column. So under Unilateral Authority, the lender can make this decision and submit the change to SBA through E-Tran. In this case, your bank should put this documentation in the loan file:

- Copy of the Matrix that is current as of the date the change is made
- Screen capture of the change being made in E-Tran
- Any other documentation to reflect internal approval for the change, e.g., amended credit memo, change-in-terms, if the bank had already documented the loan previous to the change

Assisting lenders with servicing and liquidation issues is one of our specialties at J.R. Bruno & Associates. We can assist your bank as a single service or as one of several services. In addition to more than 15 years of SBA and business lending experience, JRB Associate Rebecca Mendoza specializes in handling liquidations and workouts. She'll help you deal with the "tough stuff" so you can get back to the business of profitable business lending. Check out Rebecca's profile along with our dedicated [JRB Team](#). To learn more about our services, feel free to call me directly at 626.688.2125 or visit [www.jrbrunoassoc.com](http://www.jrbrunoassoc.com).

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