



## JRB e ALERT! SBA IS 'SPRING CLEANING' - OCRM TAKES LENDER REVIEW PROCESS ONLINE

*From time-to-time we update you on activities key SBA departments are implementing to improve the effectiveness of lender programs. This is the first in a series covering SBA's Office of Credit Risk Management's (OCRM) recently overhauled lender review process.*

Over the past weeks, some clients have told us they've received a PARRiS Analytical Review (PAR) Notification Letter from the OCRM alerting them to a Risk-Based PAR Analytic Review of their institution. As recently as last year this type of letter was issued because the SBA had noted red flags in the loan portfolio and was informing an institution of a dreaded upcoming on-site review. In response, there might be a flurry of in-house activity in anticipation of OCRM staff descending on the lender.

Now, that's all changed. First off, as noted in the SBA's Policy Notice 5000-1332 issued in December 2014, the automated PAR Review has replaced the on-site review. Secondly and most importantly, a PAR Notification may or may not be triggered by red flags in the portfolio. SBA is simply doing some "Spring Cleaning" - getting out the broom and taking stock of what's in a lender's closet - using the new automated system to review loan portfolios for a variety of reasons. The idea is to proactively analyze trends, manage credit risk and monitor lender performance to the mutual benefit of lenders and the SBA.

Institutions undergoing a PAR Review must provide the OCRM certain reports, information and documentation through a secure upload by a given date. After the review, SBA might ask for additional information. Of course, PAR Reviews may have begun this spring, but the process is ongoing and year 'round. The good news: PAR Reviews come at a reduced cost, saving institutions much-needed funds.

And the best policy: Keep your own house in order! Do your spring cleaning all year. Keep your reports and documentation up to date so there'll be no last minute scurrying if you get a PAR Analytical Review Notification. If you get a letter and have concerns, contact us at JRB. We can help you prepare for your review and assist in all facets of SBA lending.

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