



JRB e ALERT! TIME FLIES!!

REMINDER: CLOCK TICKING ON SOP 50 57 2 REQUIREMENTS FOR LIQUIDATION AND SUBMISSION OF CHARGE-OFF TABS

It's more than a year already. The SBA's updated [SOP 50 57 2](#) became effective December 1, 2015. With it came significant changes, clarifications and modifications to the agency's Servicing and Liquidation Policies and Wrap-up Procedures. In many cases, SBA tightened deadlines for 7(a) lenders to complete liquidations and submit Wrap-up Reports.

Here's a quick recap:

- Importantly, for the first time SBA set a 24-month deadline for lenders to complete prudent liquidation and submit their final Wrap-up Reports/Charge-off Tabs.
- Wrap-up Reports/Charge-off Tabs must now be submitted to SBA for approval within 30 days of completing liquidation activities, replacing the previous 90-day timeframe.
- SBA now requires lenders to use the Care and Protection of Collateral (CPC) Tabs to request reimbursement of expenses with the Reimbursement Package or the Charge-off Tabs to ensure reimbursement consideration. SBA will only process CPC Tabs at the time of repurchase or charge-off. Reimbursement won't be allowed after SBA charges off the loan.

Important Changes. Hefty Consequences. Time for a reminder: The clock starts ticking from the date SBA repurchases the loan.

For loans that had already been repurchased before the SOP's December 1, 2015 effective date, lenders have until December 1, 2017 to complete liquidation and charge-off processes.

SBA Lenders: Big-time Consequences. Failure to comply could result in you having to purchase the loan from SBA and charge off the balance. You'd also be referred to OCRM for enforcement action which could result in limited or restricted secondary market participation and loss of delegated authority. And if appropriate, SBA has the right to refer the loan to Treasury after assignment of the loan documents.

Extensions can be granted, but you must submit a written request detailing the extenuating circumstances, provide supporting documentation and a reasonable estimate of when liquidation will be completed. You must submit the request no later than 30 calendar days before the expiration deadline. If SBA grants the extension, you'll need to report the status every 6 months.

Enough said. It's time to address applicable loans in your portfolio. And get busy! At JRB, servicing and liquidations are one of our specialties. As always, we're here to help guide you through the process, and assist you with all facets of SBA lending. [Contact JRB](#)

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