# B. Percentage of SBA's Guaranty

The guaranty on loans approved under FA\$TRAK will be limited to a maximum of 50%.

#### C. Interest Rates

- (1) Loans approved using the FA\$TRAK procedure are subject to the same maximum interest rate as all SBA loans. For loans in excess of \$50,000 the maximum interest rate is 2.25 percentage points above the prime rate as published in the Wall Street Journal (WSJ) for loans with a maturity of less than seven years and 2.75 percentage points above the WSJ prime rate for loans with a maturity of seven years or longer. FA\$TRAK participants may use the additional interest rate spread authorized by 13 CFR 122.8-4(g) for loans approved using the FA\$TRAK procedure. Thus for loans of \$25,000 or less, the maximum rate is the WSJ prime plus 4.25 and 4.75 depending on the maturity and for loans over \$25,000 but not exceeding \$50,000 the maximum rate is the WSJ prime rate plus 3.25 and 3.75 depending on the maturity.
- (2) Loans may have a fixed or variable rate of interest. If a variable interest rate is used, the lender may use the same base rate of interest used on similar loans made without an SBA guaranty.

#### V. Fees

#### A. Guaranty Fee

The guaranty fee will be 2% of the amount guaranteed for any loan with a maturity greater than one year. If the maturity is less than one year, the guaranty fee will be 1/4 of one percent. The fee splitting arrangement accorded lenders using regular procedures for loans under \$200,000 will not apply to FA\$TRAK. The guaranty fee must be paid within 90 days of the loan approval date or immediately after first disbursement, whichever is earlier for loans with a maturity of one year or greater. If the maturity is less than one year, the guaranty fee must be submitted with the application for an SBA loan number. Lender may charge Borrower for the guaranty fee only after Lender has paid the fee and an initial disbursement was made on the loan. This fee may be collected at the time of loan closing if there is a disbursement at closing.

#### B. Late Payment Fee

Lenders are permitted to charge borrowers a late payment fee of up to 5% of the payment amount for payments not received within 10 days of the due date.

# C. Extraordinary Servicing Fee

An extraordinary servicing fee of up to 2% of the outstanding balance may be collected in cases involving construction, or using accounts receivable or inventory for collateral.

# D. Other Fees

Application fees, commitment fees or prepayment fees are not permitted on term credits.

#### E. Revolving Credit Fees

Lenders will be permitted to use the same fee schedule for revolving credits approved by the lender without an SBA guaranty. These fees must be reasonable and are subject to review by SBA. Fees determined by SBA to be unreasonable must be returned by the lender to the borrower.

# VI. Loan Making, Servicing and Liquidation

# A. Application Forms

- (1) Lenders are permitted to use their own application forms, internal credit memoranda and any other documentation necessary to make a credit determination. Lenders must insure that their application form includes language in which the applicant certifies that the information supplied is true and complete. This language must appear on the application form or on the financial statement from the applicant if a specific application form is not used. The form including this certification must be signed by the borrower.
- (2) Lender will be required to obtain a signed copy of SBA Form 1919, FA\$TRAK Borrower Information Form from a sole proprietor, all partners, or each officer, director, or each holder of 20% or more of the voting stock of a corporate applicant, and any other person, including a hired manager, who has authority to speak for and commit the borrower in the management of the business. The form must be part of the loan file, but does not have to be sent to the Processing Center. If the applicant answers "yes" to either of questions 1, 2, or 3, the loan may not be submitted under FA\$TRAK. It may be submitted to the local SBA office using regular processing procedures.

# B. Credit Decision

(1) Lenders approved to use the FASTRAK procedure are responsible for a thorough and complete credit analysis. This analysis should be in the loan file and is subject to SBA review. An analysis for a loan that is approved should demonstrate that the loan can be repaid from the cash flow of the

- business and that the applicant is of good character.
- (2) Applications that are declined by the lender should be handled in the same manner the lender handles declined applications for conventional loans. These applications will not be considered applications for an SBA guaranteed loan.

### C. Notification to SBA

- (1) FA\$TRAK lenders may request a loan number from SBA by submitting an executed SBA Form 1920, FA\$TRAK Authorization and Request for Loan Number. This document serves both as an Authorization by the FA\$TRAK lender for the loan and a request to SBA to issue the loan number. This form will contain the information necessary for SBA to issue loan number and a certification that the funds are not available elsewhere on reasonable terms. This form may be faxed or sent to the Processing Center in Sacramento, California. The Processing Center is set up to provide a loan number to the FA\$TRAK lender by fax.
- (2) SBA's budget is determined by Congress on an annual basis. SBA does not have authority to guaranty loans if it has run out of authority. While loan approval authority has been delegated to the FA\$TRAK lender, the loan does not have an SBA guaranty until the SBA Processing Center has issued a loan number. The processing center will not issue a loan number if funds are not available.

# D. Closing and Disbursement

- (1) FA\$TRAK participating lenders will use the same closing and disbursement procedures for FA\$TRAK loans as are used for their conventional loans. Loans may be closed by the lender's attorney and lenders are permitted to use their own closing documentation. This documentation includes, but is not limited to the lender's note, personal guaranty statements, mortgage, deed of trust or other security agreements, resolutions of the Borrower's Board of Directors, and a review of insurance requirements.
- (2) FA\$TRAK participants must use the FA\$TRAK Authorization and Loan Agreement (SBA Form 1920) for all loans approved using the FA\$TRAK procedure. The signature block of the Form must contain the following language: "As a participant in the FA\$TRAK portion of the Preferred Lenders Program and agent of and on behalf of SBA."
- (3) Lender must do the following prior to disbursement for each loan for which it issues an SBA guaranty: