



# SBA 504 CSA Calculation of Catch-Up Plans

---

**Ariane Pereira**  
**Khezir Ahmed**  
**Mazen Shomali**

January 11, 2016

Together we'll go far



# Agenda

- Deferment and Catch-Up Process
- Examples of Completed Catch-Up Plans
- Continuous Monitoring
- Frequently Asked Questions
- Questions and Answers

# Deferment and Catch-Up Process

# New Process Flow

All documents should be sent to [SBA504CSA@wellsfargo.com](mailto:SBA504CSA@wellsfargo.com)

1. CDC completes the *CDC 504 Deferment and Catch-Up Form*, which is available on the homepage of CDC Online
2. CDC emails the completed form to the CSA, along with any other documentation and SBA approval, if applicable
3. CSA processes the form and sends the calculated Catch-Up plan to the CDC
4. CDC Representative and Borrower both review and sign the calculated Catch-Up plan
5. CDC sends the signed Catch-Up plan to the CSA
6. CSA completes final processing of the Catch-Up plan and sends confirmation to the CDC

**Note: CSA cannot process any requests with missing or incorrect information**

# SBA Service Center Approvals

- Deferment 6-months or less cumulative: This is a unilateral action for all CDCs. The Service Centers need to be notified but SBA approval is not required
- Deferment more than 6-months: PCLP CDCs follow the above process. Non-PCLP CDCs are required to submit requests to SBA for review and approval
- SBA does not require a Catch-Up plan payment amount to approve a Deferment. However, a plan needs to be established no later than the end of the Deferment period

**Reference: SOP 50 55, CH12 Deferments**

# Request Deadlines

- The CSA must receive Deferment requests no later than the 20<sup>th</sup> calendar day of the month or the business day prior, to be effective for the upcoming month
- The CSA must receive signed Catch-Up plans by the 15<sup>th</sup> calendar day of the month or the business day prior, to be effective for the upcoming month
- Any changes to the ACH information must be received by the 15<sup>th</sup> calendar day of the month or the business day prior, to be effective for the upcoming month

**Note: CDCs are encouraged to submit requests as early as possible**

# Retroactive Deferment Request

Loans cannot go onto a Catch-Up plan without a prior Deferment

- If a borrower is past due and has missed payments, the CDC needs to send a Retroactive Deferment Request to SBA for approval, if applicable
- It is important to specify the month(s) of the missed payments by using the Comment Box in Section 6 of the *CDC 504 Deferment and Catch-Up Form*
- CSA must receive Retroactive Deferment Requests by the 15<sup>th</sup> calendar day of the month or the business day prior, to be effective for the upcoming month

# Examples of Completed Catch-Up Plans



# Full Deferment and Standard Catch-Up

## CDC - 504 Deferment and Catch-up Form

SBA Loan Number:	XXX-XXX-XXXX
CDC Number:	XX-XXX

Date:	12/01/2015
-------	------------

### 1) Approval of Deferment\*

<input type="checkbox"/> Proof of SBA approval has been provided (SBA email is sufficient)	<input checked="" type="checkbox"/> N/A - Approval not required per unilateral authority
--	--

### 2) Deferment Type (select one and complete required information)\*

- Deferment requests due no later than the 20th calendar day of the month or the business day prior, to be effective for the upcoming month.
- Retroactive deferment requests due by the 15th calendar day of the month or the business day prior, to be effective for the upcoming month.

<input checked="" type="checkbox"/> Full - Check box if the borrower will make no payments during the deferment period and input the dates (MM/DD/YYYY)		
Start Date: <u>01/01/2016</u> <i>(first day of month)</i>	End Date: <u>02/29/2016</u> <i>(last day of month)</i>	
<input type="checkbox"/> Partial Payment - Check box if borrower will make a partial payment during the deferment period. If this box is selected, only "Amount 1" is required. Include additional payment amounts and respective dates (MM/DD/YYYY) if you would like the amount to change.		
Amount 1: _____	Start Date: _____	End Date: _____
Amount 2: _____	Start Date: _____ <i>(first day of month)</i>	End Date: _____ <i>(last day of month)</i>

# Full Deferment and Standard Catch-Up Cont.

### 3) Catch-Up Plan Type ( Select one and complete required information. CSA will calculate plan based on the details provided in this section.)\*

- Calculated Catch-Up Plan will be provided by CSA and must be signed and returned by the 15th calendar day of the month or business day prior, to be effective for the upcoming month.

<input checked="" type="checkbox"/>	Standard - Loan will be placed on Catch-Up after Deferment Period
	Start Date: <u>03/01/2016</u> (first day of month)      End Date: <u>08/31/2016</u> (last day of month)
<input type="checkbox"/>	Step-Up - Loan with increasing catch-up payment amounts during the catch-up period - Input at least "Amount 1" and dates (MM/DD/YYYY). The Final Amount will be calculated by the CSA.
	Full Catch-Up Period dates: Start Date: _____ (first day of month)      End Date: _____ (last day of month)
	Amount 1: _____      Start Date: _____      End Date: _____
	Amount 2: _____      Start Date: _____      End Date: _____
	Amount 3: _____      Start Date: _____      End Date: _____
	Amount 4: _____      Start Date: _____      End Date: _____
	Amount 5: _____      Start Date: _____      End Date: _____
	Amount 6: <u>Final Amount will be calculated by CSA</u> Start Date: <u>Day after final "End Date" indicated</u> (first day of month)      End Date: <u>Last month of Catch-Up Period</u> (last day of month)

### 4) Late Fees (if applicable, please complete this section)

- Select box if CDC would like to waive any current Late Fees outstanding (please specify total fees CDC would like waived): \$ 100.00
- If there are current outstanding Late Fees, include the Late Fees with the catch-up plan calculation - CDC gives CSA permission to post Late Fees at the end of Catch-Up Period.

### 5) ACH Information

- Changes to ACH information must be received by the 15th calendar day of the month or the business day prior, to be effective for the upcoming month.
- ACH form included/submitted

### 6) Comments

# CSA Generated Catch-Up Plan

## SBA 504 Catch-Up Plan Report

Prepared by Wells Fargo as CSA

Loan Number:

Catch-Up Plan Summary:

Type	Payment Amount	Start Date	End Date
Deferment	\$0.00	1/1/2016	2/29/2016
Catch-Up	\$11,417.20	3/1/2016	8/31/2016

At the conclusion of the Catch-Up plan, regular payments will resume in the amount of **\$8,532.88**

Payment Date	Total Payment	SBA Fee	CSA Fee	CDC Fee	Interest	Principal	Late Fees	Unallocated Balance	Remaining Balance
1/1/2016	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$675,720.90
2/1/2016	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$675,720.90
3/1/2016	\$11,417.20	\$785.55	\$184.83	\$1,155.21	\$8,365.12	\$926.49	\$0.00	\$0.00	\$674,794.41
4/1/2016	\$11,417.20	\$261.85	\$61.61	\$385.07	\$2,784.55	\$7,924.12	\$0.00	\$0.00	\$666,870.29
5/1/2016	\$11,417.20	\$261.85	\$61.61	\$385.07	\$2,751.85	\$7,956.82	\$0.00	\$0.00	\$658,913.47
6/1/2016	\$11,417.20	\$261.85	\$61.61	\$385.07	\$2,719.02	\$7,989.65	\$0.00	\$0.00	\$650,923.82
7/1/2016	\$11,417.20	\$261.85	\$61.61	\$385.07	\$2,686.05	\$8,022.62	\$0.00	\$0.00	\$642,901.20
8/1/2016	\$11,417.20	\$261.85	\$61.61	\$385.07	\$2,652.94	\$8,054.82	\$0.00	\$0.91	\$634,846.38

\*The Catch-Up payment is an estimate of what is needed to bring the loan current at the end of the Catch-Up period. If the loan is not current after the Catch-Up period has ended, the CDC will evaluate the appropriate actions needed to satisfy the deficiency.

\*Outstanding Late Fees that have not been waived by the CDC are included in the Catch-Up plan calculation. Funds intended to post to Late Fees may accumulate in Unallocated during the time of the Catch-Up, and will post to Late Fees at the end of the Catch-Up period given CDC permission.

\*The signed plan must be returned to the CSA by the 15th calendar day of the month or business day prior in the month before the Catch-Up plan is scheduled to begin.

**CDC Representative Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Borrower Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# Partial Deferment and Step-Up Catch-Up

## 2) Deferment Type (select one and complete required information)\*

- Deferment requests due no later than the 20th calendar day of the month or the business day prior, to be effective for the upcoming month.
- Retroactive deferment requests due by the 15th calendar day of the month or the business day prior, to be effective for the upcoming month.

<input type="checkbox"/>	Full - Check box if the borrower will make no payments during the deferment period and input the dates (MM/DD/YYYY)
	Start Date: _____ End Date: _____ <i>(first day of month)</i> <i>(last day of month)</i>
<input checked="" type="checkbox"/>	Partial Payment - Check box if borrower will make a partial payment during the deferment period. If this box is selected, only "Amount 1" is required. Include additional payment amounts and respective dates (MM/DD/YYYY) if you would like the amount to change.
	Amount 1: \$ 1,000.00 Start Date: 01/01/2016 End Date: 03/31/2016 Amount 2: _____ Start Date: _____ End Date: _____ <i>(first day of month)</i> <i>(last day of month)</i>

## 3) Catch-Up Plan Type ( Select one and complete required information. CSA will calculate plan based on the details provided in this section.)\*

- Calculated Catch-Up Plan will be provided by CSA and must be signed and returned by the 15th calendar day of the month or business day prior, to be effective for the upcoming month.

<input type="checkbox"/>	Standard - Loan will be placed on Catch-Up after Deferment Period
	Start Date: _____ End Date: _____ <i>(first day of month)</i> <i>(last day of month)</i>
<input checked="" type="checkbox"/>	Step-Up - Loan with increasing catch-up payment amounts during the catch-up period - Input at least "Amount 1" and dates (MM/DD/YYYY). The Final Amount will be calculated by the CSA.
	Full Catch-Up Period dates: Start Date: 04/01/2016 End Date: 08/31/2016 <i>(first day of month)</i> <i>(last day of month)</i>
	Amount 1: \$ 12,000.00 Start Date: 04/01/2016 End Date: 06/30/2016 Amount 2: _____ Start Date: _____ End Date: _____ Amount 3: _____ Start Date: _____ End Date: _____ Amount 4: _____ Start Date: _____ End Date: _____ Amount 5: _____ Start Date: _____ End Date: _____ Amount 6: Final Amount will be calculated by CSA Start Date: Day after final "End Date" indicated End Date: Last month of Catch-Up Period <i>(first day of month)</i> <i>(last day of month)</i>

# CSA Generated Catch-Up Plan

## SBA 504 Catch-Up Plan Report

Prepared by Wells Fargo as CSA

Loan Number:

Catch-Up Plan Summary:

Type	Payment Amount	Start Date	End Date
Partial Def.	\$1,000.00	1/1/2016	3/31/2016
Catch-Up	\$12,000.00	4/1/2016	6/30/2016
Catch-Up	\$14,805.27	7/1/2016	8/31/2016

At the conclusion of the Catch-Up plan, regular payments will resume in the amount of **\$8,532.88**

Payment Date	Total Payment	SBA Fee	CSA Fee	CDC Fee	Interest	Principal	Late Fees	Unallocated Balance	Remaining Balance
1/1/2016	\$1,000.00	\$261.85	\$61.61	\$385.07	\$278.84	\$12.63	\$0.00	\$0.00	\$675,708.27
2/1/2016	\$1,000.00	\$261.85	\$61.61	\$385.07	\$278.83	\$12.64	\$0.00	\$0.00	\$675,695.63
3/1/2016	\$1,000.00	\$261.85	\$61.61	\$385.07	\$278.83	\$12.64	\$0.00	\$0.00	\$675,682.99
4/1/2016	\$12,000.00	\$261.85	\$61.61	\$385.07	\$10,316.40	\$975.07	\$0.00	\$0.00	\$674,707.92
5/1/2016	\$12,000.00	\$261.85	\$61.61	\$385.07	\$2,784.19	\$8,507.28	\$0.00	\$0.00	\$666,200.64
6/1/2016	\$12,000.00	\$261.85	\$61.61	\$385.07	\$2,749.09	\$8,542.38	\$0.00	\$0.00	\$657,658.26
7/1/2016	\$14,805.27	\$261.85	\$61.61	\$385.07	\$2,713.84	\$11,382.90	\$0.00	\$0.00	\$646,275.36
8/1/2016	\$14,805.27	\$261.85	\$61.61	\$385.07	\$2,666.87	\$11,428.98	\$0.00	\$0.89	\$634,846.38

\*The Catch-Up payment is an estimate of what is needed to bring the loan current at the end of the Catch-Up period. If the loan is not current after the Catch-Up period has ended, the CDC will evaluate the appropriate actions needed to satisfy the deficiency.

\*Outstanding Late Fees that have not been waived by the CDC are included in the Catch-Up plan calculation. Funds intended to post to Late Fees may accumulate in Unallocated during the time of the Catch-Up, and will post to Late Fees at the end of the Catch-Up period given CDC permission.

\*The signed plan must be returned to the CSA by the 15th calendar day of the month or business day prior in the month before the Catch-Up plan is scheduled to begin.

**CDC Representative Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Borrower Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# Monitoring Catch-Up Plans

# Continuous Monitoring

## **It is the responsibility of the CDC to monitor borrower's compliance of the Catch-Up plan**

- Verify that the total monthly payment amount received matches the Catch-Up plan every month
  - CDC Online Loan Detail screen
- Loans on Catch-Up will automatically revert to active-delinquent status if borrower payment is not received 2 business days prior to month end
  - Impact to LAMP reporting
- CDC must email the CSA to place the loan back on Catch-Up status once the borrower remits the missed payment and is posted to CDC Online
  - Loans with missed payments will accrue additional interest and the original Catch-Up plan will not be accurate

# Late Fees

- Late Fees will be assessed on the 16th calendar day of the month or next business day. Borrower payments must be received by the 15th calendar day or business day prior to avoid late fees
  - Previously generated Catch-Up plans will not include new Late Fees
- CDC Online Late Fees Assessed and the Status of Portfolio reports should be utilized to monitor Late Fees
- Per program requirement, the application of funds follows a specific order which will apply funds to Late Fees at the very end. All other outstanding fees, interest and principal must be brought current prior to funds being allocated to Late Fees



# Frequently Asked Questions

# Frequently Asked Questions

- **What happens if the borrower does not agree with the CSA calculated monthly Catch-Up payment amount?**
- The following options are available:
  - Extending the Catch-Up time period will decrease the monthly Catch-Up payment amount
  - The CDC can utilize the Step-Up Catch-Up fields to specify the desired amount(s). However, the CSA always calculates the final monthly amount after the Step-Up period

# Frequently Asked Questions

- **How does the new process impact loans that are currently on Deferment or Catch-Up status?**
- Legacy Deferments/Catch-Up plans will continue as they have been previously processed
- Loans currently on Deferment, without a Catch-Up plan, will need to complete the new process

# Frequently Asked Questions

- **Does a new ACH Form have to be sent in with the Deferment/Catch-Up request?**
- The ACH information is deleted for a Full Deferment such that the borrower is not debited during the Deferment period. A new ACH Form needs to be sent in by the 15<sup>th</sup> calendar day or the business day prior in the month before the loan starts the Catch-Up period
- A loan that is currently on ACH and put on a Partial Deferment will continue to use the same ACH information. A new ACH Form is not required when the loan subsequently starts the Catch-Up period

# Questions and Answers