

LRSC COLLATERAL FILE PREPARATION GUIDE

“As of August 14th, 2013 it will be mandatory for CDC’s and Attorneys to use the 4-2013 streamlined closing forms including the 4-2013 504 Debenture Closing Checklist. When sending 504 collateral files to our center for closing using the new streamlined closing forms, we require you to use the attached 504 Closing Document List provided by NADCO and approved by our Center Director. The 4-2013 504 Debenture Closing Checklist (SBA Form 2286) no longer lists all the documents that need to be sent to us. Consequently, for all loan closings using the new streamlined closing forms we will require all the items listed on the NADCO -provided 504 Closing Document List to be sent to us with the Authorization and 327 Actions as the first document. The 504 Closing Document list should be on the left side of the folder with the remaining collateral on the right side with the Authorization being on top. Please use the 504 Closing Document List when sending collateral files to us in the future. If the 504 Loan closing did not use the new 4-2013 streamlined closing forms, then the CDC’s and CDC Attorneys should send the collateral files to the center using the August 2007 Version of the 504 Debenture Closing Checklist(SBA Form 2286) Item 1-25 only”.

The materials needed for a collateral file assembly are: **A Cover Letter, A legal size two prong self-end tab Kraft file folder, The 4-2013 Streamlined Closing Forms, The NADCO provided and Center approved 504 Closing Document List, All Required Collateral Documents and a PDF formatted CD of the Collateral File(Trailing Documents and shipping will be addressed also.)**

1. Required Cover Letter Must Include:

- **Your Correct Mailing Address**
- **A Correct Email Address**
- **A Current Phone Number with your Current Extension**
- **The Correct SBA Loan Number and Name**

We use this cover letter to cross check what has been sent to this office and for correspondence when needed. We require a correct mailing address if we need to send correspondence to you, as well as a correct email address on the cover letter to email the receipt of files confirmation. We will no longer mail the hard copy confirmations to you. We need your correct mailing address for the occasional physical correspondence we may send you. **LRSC requires the cover letters contain the SBA loan name and the SBA loan number and must be attached to a legal size, two-prong, self-end tab Kraft file folder with the NADCO -provided 504 Closing Document List two-hole punched and pronged to the inside left of the folder, and the remaining required collateral documents B-C and tabs 1-23 two-hole punched and pronged to the inside right of the folder. We will require items 1-12 on the 4-2013 version of the 504 Debenture Closing Checklist(SBA Form 2286) as well as the remainder of the documents on the attached 504 Closing Document List.**

2. Required Legal Size Two Prong Self-End Tab Kraft File Folder:

- **Legal size, self-end tab Kraft folder with two prong fasteners already inserted by the manufacturer, one at the top of each side.**
- **Self-End Tabs on the bottom of the file folder**

The LRSC **requires** that CDC and Attorneys offices **use a legal size, self-end tab Kraft folder with two prong fasteners already inserted by the manufacturer, one at the top of each side.** The LRSC uses folders produced by SMEAD-- #ET190C.2K1&3 or #SKU: SMD37276. The link that shows an example is <http://www.biggestbook.com/search.jsp?Ntt=SMD37276&N=0>. Similar folders by other vendors may be available. The important thing is that the folders are **legal size with self-end tabs at the bottom** and have **two manufactured prong fasteners**. Collateral files are placed on open file shelves in a locked room at the Little Rock Servicing Center. These files must move in and out of the shelves smoothly to minimize damage to the folder and the documents. Previously, we accepted folders of every known type and style. However, as the size of the individual collateral file and the 504 loan portfolio has grown, we find these types of files limit the effectiveness and efficiency of the collateral file room operation.

3. The 4-2013 Streamlined Closing Forms:

- **As of August 14th, 2013 it will be mandatory for CDC's and Attorneys to use the 4-2013 streamlined closing forms including the 4-2013 504 Debenture Closing Checklist.**

When sending 504 collateral files to our center for closing using the new streamlined closing forms, we require you to use the attached 504 Closing Document List provided by NADCO and approved by our Center Director. The 4-2013 504 Debenture Closing Checklist (SBA Form 2286) no longer lists all the documents that need to be sent to us. Consequently, for all loan closings using the new streamlined closing forms we will require all the items listed on the NADCO -provided 504 Closing Document List to be sent to us. If the 504 Loan closing did not use the new 4-2013 streamlined closing forms, then the CDC's and CDC Attorneys should send the collateral files to the center using the August 2007 Version of the 504 Debenture Closing Checklist(SBA Form 2286) Item 1-25 only.

4. The NADCO provided and Center approved 504 Closing Document List:

- **The 504 Closing Document List is two-hole punched and attached to the prong fastener on the left side of the file folder. This list serves as an index for every collateral document attached to the right side of the file.**
- **The remaining collateral and custody items need to be pronged to the right side of the file folder with the Authorization and 327 actions being on top.**

Each document listed follows the order of the 504 Closing Document List. The first document listed is the top document. The documents must not be in reverse order. **It is required that the 504 Closing Document List be used when sending collateral files to us in the future.**

5. All Required Collateral Documents:

- **All of the collateral documents must be two-hole punched before placing them into the collateral file.**
- **All required collateral documents B-C and tabs 1-23 pronged to the inside right of the folder. We require items 1-12 on the 4-2013 version of the 504 Debenture Closing Checklist (SBA Form 2286) as well.**
- **The Authorization for Debenture Guarantee should be the top document with all 327 actions behind it.**
- **The documents must be the originals, NOT COPIES (except as noted on the 504 Closing Document List) within thirty days of loan closing.**
- **The documents must follow the order of the 504 Closing Document List. The first document listed is the top document. The documents must not be in reverse order.**
- **DO NOT send numbered tabs or paper separation sheets in these files.**
- **These documents A-C and 1-23 on the 504 Closing Document List should fit into one folder.**

There will occasionally be seldom used or unusual collateral, so this list is not all inclusive. The basic rule of our Center Counsel is that if we need to sue to collect the loan and we might need the document to do so, OR if it is a negotiable document, put it into the collateral file. The only exception for this will be for files containing SBA UCC Financing Statements. These documents are reviewed and renewed every five years. It is easier to find and review these forms if they are placed underneath the 504 Closing Document List on the left side of the folder. When the renewal is done, it is placed on top of the original to keep the documentation for the UCC in one group. Do not include multiple copies of the UCC filings behind each tab. UCC searches are part of Item 7 on the 504 Closing Document List and SBA Form 2286: Evidence of lien priority on real and personal property collateral. Remember: UCC filings in which the SBA or CDC is listed as the secured party should be on the left side of the folder behind the 504 Closing Document List. The assembled file must **not have any numbered tabs, colored paper separation sheets, staples, index cards, rubber bands, or paper clips** attached to it. None of the documents should be folded. If recording information will be damaged by the two-hole punch at the top of each page, place the recorded information lower on the page, or add a cover sheet with the information on it. And **Do Not Bend the folders** when shipping them to us. Make sure that they are

placed in boxes big enough to prevent bending and crumpling. All of the files are scanned upon arrival, so not having to unfold the folders or remove staples and index cards expedites this process.

6. Required PDF formatted CD of the Collateral File:

- **Must accompany the Physical Collateral File.(We do not accept disks in lieu of physical files.)**
- **CD must be in a HARD JEWEL CASE(not taped to the folder or file and not in a paper or plastic sleeve attached to the folder or file)**
- **Must be individually wrapped in Bubble Wrap or a Padded CD envelope when being shipped with the files.**
- **These CD's should be easily located INSIDE the folder.(On top of the documents)**
- **Must accompany the Physical Collateral File.(We do not accept disks in lieu of physical files.)**
- **Must be in Adobe or PDF format No ZIP Files or Password protected!**
- **Must only be ONE LOAN per CD.**
- **SBA Loan Name and SBA Loan Number must be written on the Physical CD.**
- **All Documents on the CD must be Separated and labeled according to our Naming Convention.**

These CD's are uploaded to our Electronic Loan Folder and should contain all of the documents located in the physical file. Each CD should be in a **hard jewel case** with the name and loan number written on the CD for verification. When shipping the CD's to us ***please make sure to wrap the Jewel Cased CD's in bubble wrap or a bubble envelope and place them in the front of the files to protect them during shipping,*** as we have received some where the cases were destroyed prior to being received in our office. The documents on the CD must be in PDF format, each document must be separated on the disc. ***Each individual document must be labeled descriptively in the format of our naming convention: the 10-digit loan number underscore descriptor (Mortgage) dot PDF. Here are examples:***

***1234566009_Loan Authorization.pdf
1234566009_CDC Board Resolution.pdf
1234566009_Note.pdf
1234566009_504 Debenture.pdf
1234566009_Servicing Agent Agreement.pdf
1234566009_CDC Certification.pdf***

There should be no numbers or characters in front of the loan number or dashes in the loan number when labeling these documents. We must receive a physical collateral file with the **original** documents **not copies (except as noted on the 504 Closing Document List)** within thirty days of loan closing.

7. Physical Trailing Documents:

- **Must be sent with a CD with all documents separated and labeled according to our naming convention.(One Loan Per CD)**
- **Must be sent with a copy of the 504 Closing Document List and a cover letter providing the Correct loan number, etc.**
- **Each loan must have a separate CD and cover letter with the applicable trailing documents attached.**
- **Should not contain any numbered tabs, colored paper separation sheets, staples, index cards, or rubber bands.**
- **Each CD should be in a hard jewel case with the name and loan number written on the CD for verification.**

The LRSC requires that all trailing documents be on a CD, labeled by our naming convention and sent with the physical documents a copy of the 504 Closing Document List and a cover letter providing the loan number, etc. There should only be one loan per CD. If there are trailing collateral documents for more than one loan physically being shipped together, they must be separated. Each loan must have a separate cover letter with the applicable trailing documents attached. These trailing documents should not contain any numbered tabs, colored paper separation sheets, staples, index cards, or rubber bands and must also be

sent on CD with one loan per CD. Each CD should be in a hard jewel case with the name and loan number written on the CD for verification not in a paper or plastic sleeve attached to a piece of paper or a tab.

The documents on the CD must be in PDF format, each document must be separated on the disc. Each individual document must be labeled descriptively in the format of our naming convention: the 10-digit loan number underscore descriptor (Mortgage) dot PDF. Here are examples:

1234566009_CDC Board Resolution.pdf
1234566009_Note.pdf
1234566009_504 Debenture.pdf
1234566009_Servicing Agent Agreement.pdf
1234566009_CDC Certification.pdf

There should be no numbers or characters in front of the loan number or dashes in the loan number when naming these documents.

8. Shipping:

- **DO NOT BEND THE FOLDERS**(Make sure that they are placed in boxes big enough to prevent bending and crumpling.)
- All CD's must be **BUBBLE WRAPPED** or placed in **PADDED CD ENVELOPES**.
- All Shipments have our **CORRECT ADDRESS ON THEM**.
- All shipments are sent to the **ATTENTION OF THE COLLATERAL CASHIER**

When shipping Collateral Files or Trailing Documents to us; make sure that they are placed in boxes big enough to prevent bending and crumpling. All of the files and trailing documents are scanned upon arrival, so not having to unfold the folders or remove staples and index cards helps to expedite this process. Please make sure that all Collateral Shipments (Collateral Files or Trailing Documents) are correctly addressed to our Center and sent to the attention of the Collateral Cashier. Here is an example:

US Small Business Administration
Attention: Collateral Cashier
2120 Riverfront Drive, Suite 100
Little Rock, Arkansas 72202

If you should have any questions or concerns please contact me, Marie Farnam, Collateral Cashier, at The Little Rock Commercial Loan Service Center by email at marie.farnam@sba.gov or my assistant Holly Donaldson at holly.donaldson@sba.gov or you can send your questions to lrsc.collateral@sba.gov.

This revised list has been approved by Nique Carrington (Center Director), Joe Bures (Acting Deputy Director and Chief Center Counsel), Denine Graham (Center Counsel), and Howard Haun (Administrative Officer) for the Little Rock Commercial Loan Service Center in cooperation with Janice E. Garlitz, NADCO General Counsel and 504 Closing Instructor. This concludes the requirements for 504 Collateral File Preparation.