



## NCUA Addresses Troubled Debt Restructuring

The NCUA's Letter to Credit Unions No. 13-CU-03 provides credit unions with the same troubled debt restructuring (TDR) guidance that the agency shared with its examiners—Supervisory Letter 13-02.

The guidance describes in detail how examiners will apply the regulatory changes that the NCUA Board approved last year. In May 2012, the NCUA Board revised Part 741 of the NCUA Rules and Regulations and added an Appendix C: Interpretive Ruling and Policy Statement on Loan Workouts and Nonaccrual Policy, and Regulatory Reporting of Troubled Debt Restructured Loans.

Supervisory Letter 13-02, issued to NCUA examiners, provides additional clarification on the agency's review of loan workout programs in credit unions. The letter focuses on specific components of a sound workout program including:

- o Revised regulatory reporting requirements for loan workouts;
- o Items to address in your policy including controls and decision support systems consistent with the size and scope of your program;
- o Key components of a sound information system for loan workouts and TDRs; and
- o Appropriate nonaccrual policies and procedures for loan workouts and TDRs.

NCUA's Letter to Credit Unions 13-CU-03 is available on the agency's website at [ncua.gov](http://ncua.gov). Source: Credit Union Magazine, June 2013: pg 35

## SBA BASE RATES JUNE 2013

WSJ Prime	3.25%*
1-Month LIBOR Base Rate	3.19%*
SBA Fixed Base Rate	4.96%*
SBA Peg Rate	2.50%**

\*Effective for the first business day of June 1, 2013

\*\*Effective for the period between April 1, 2013 and June 30, 2013

## Save the Date

### The Coming Transformation of Member Business Lending 2013 MBL Summit

Tuesday, August 20, 2013  
Wednesday, August 21, 2013  
Thursday, August 22, 2013  
Daily: 9 a.m. – 5 p.m.

LOCATION: Member Business Lending's Corporate Offices  
7167 So. Center Park Street  
Suite #300  
West Jordan, Utah 84084  
and  
Webinar Sessions

The MBL Summit will be a series of development sessions designed to increase or enhance commercial lending practices and processes.

#### Topics to include:

- \*NUAC Exam Findings
- \*Credit Union Policies and Procedures
- \*The MBL Process
- \*MBL Reports
- \*Annual Loan Reviews
- \*Loan Exception Management

This is a small sampling of the topics that MBL's experts will be discussing.

Please contact Lisa Dent at [ldent@mblllc.com](mailto:ldent@mblllc.com) or 801-545-7923 for pre-registration information.

**MBL Hotline**

**1-866-4MBLLLC**

# Changes to SBA Form 912

The SBA Statement of Personal History (SBA Form 912) has recently undergone some significant changes. The changes made are significant because they deal with the SBA loan applicant's criminal history and potentially allow the Lender additional leeway, but also more responsibility, in determining whether to make a loan to the applicant.

The changes made center around Questions 7, 8, and 9. Question 7 previously asked "Are you presently under indictment, on parole, or probation?" The updated 912 form, Question 7 now asks, "Are you presently subject to an indictment, criminal information, arraignment, or other means which formal criminal charges are brought in any jurisdiction?" While mostly remaining the same, the updated 912 asks a more broad question regarding criminal charges which requires the applicant to reveal if any criminal charges are currently being faced, not only a current indictment, parole or probation.

The changes to question 8 are the most significant modifications to the updated 912 Form. The previous version asks, "Have you ever been charged with, and/or arrested for any criminal offense other than a motor vehicle violation?" As written, the previous version requires that any instance of ever being charged or arrested be disclosed to the SBA. This previous form required that if you were arrested for or charged with a criminal offense (even mistakenly), it was mandatory that it be disclosed, and upon disclosure, it was within the SBA's discretion to approve or deny an application based on the charges alone, or for minor offenses that were remote in time. Often loan applicants were subjected to significant delays in their loan application processing in order for these minor matters to be cleared by SBA. The updated version of Question 8 now asks, "Have you been arrested in the past six months for any criminal offense?" This six month look-back is a significantly narrower window of inquiry than the previous question 8, and should considerably streamline the personal character inquiry for both loan applicants and lenders as applicants will no longer have to disclose arrests or charges for which they were not convicted that occurred more than 6 months ago.

## **The MBL Mission:**

"To aid, counsel and assist our participating credit unions and the member businesses they serve"

Question 9 has essentially remained the same between the two versions. Question 9 asks if the applicant has ever been convicted or plead guilty (in any form) to a criminal offense, other than a minor vehicle violation. This question goes to the heart of the character test as it looks to actual criminal convictions and, in a justice system that operates on the fundamental premise of a presumption of innocence, is a more relevant and fair inquiry.

The updates to the SBA Form 912 Statement of Personal History will greatly streamline the personal character inquiry for both loan applicants and lenders.

Source: D'Lauro, Timothy (May 29, 2013). Changes to SBA Form 912. Coleman Report: [www.colemanreport.com](http://www.colemanreport.com)

## **July Webinar**

MBL will offer the monthly webinar on July 10, 2013. The webinar is part of MBL's free monthly seminar series and is open to all credit union business lending staff.

### **Topic: Franchises: Eligibility for SBA Loans**

Wednesday, July 10, 2013

2:00 – 3:00 p.m. (MDT)

Session number: 804 964 303

Session password: July

Dial in phone number: 1-855-749-4750

Link:

<https://mbltraining.webex.com/mbltraining/k2/j.php?ED=208389172&UID=1402350087&HMAC=e939dc78fb100e7dfbb5024c0603ce931b4ba0a8&RT=Mim2>

## **SOP 50 57:**

### Reports to Credit Reporting Agencies

In accordance with the Debt Collection Improvement Act of 1996, Lenders are required to report information to the appropriate credit reporting agencies whenever they extend credit via an SBA loan. Thereafter, they should continue to routinely report information concerning servicing, liquidation, and charge-off activities throughout the life-cycle of the loan. (See Chapter 26 for more information regarding credit reporting requirements for loans in charge-off status.)

MBL provided all participant credit unions an Experian Addendum in July 2012. Please contact your representative at MBL to confirm your credit reporting status.