



U.S. Small Business
Administration

E-TRAN Updates

August 2023



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ETRAN Implementation of SOP Updates

ETRAN Updates Effective as of August 1, 2023



7a Terms and Conditions

- Generate T&C from within ETRAN



504 Terms and Conditions

- Generate T&C from ETRAN



SBSS Score

- Increased threshold to \$500k



Affiliation Rule

- Updates to ETRAN Affiliation table



PIMS and CA SBLC

- Enhanced PIMS table for tracking of CA SBLC



504 Job Creation & Retention Requirements

- Effective Date of May 12, 2023



STAR Compliance Codes

- Process flow impacts
- API and 3rd Party vendor updates



Hazard Insurance Requirement

- Removed validation for Hazard Insurance for loans \$500k and below



Franchise

- Franchise questions are now optional
- Franchise validations removed



Credit Elsewhere

- Added options to align with SOP



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New: Validation 4363

NEW: Validation Error 4363

Validation errors were detected

#	Error Code	Error Text
1	4363	Individual with tax id ending in xxxxx4 [REDACTED] has an outstanding issue on prior loan. For further assistance with this error contact the SBA center at [REDACTED]

- Introduced August 1, 2023 to flag individuals/entities with potential compliance issues on existing SBA loans
- This error checks for hold codes on other SBA loans such as PPP and Covid EIDL
- **This validation must be resolved to proceed with the application**
- 7a Lenders and CDC's can contact 7aComplianceCheck@sba.gov to request resolution
- LGPC will coordinate with appropriate SBA offices to research and, if possible, resolve the issue

NEW: Validation Error 4363 – Processing Tips

- **Validate** your loan within ETRAN *before* you submit your application to SBA for Approval/Funding
 - Log into CAFS
 - Select ETRAN Origination
 - Search for your App Number
 - Click on the blue button labeled **Validate**
- When **7a Lenders and CDC's** are requesting a resolution please use the following format in the email subject line:
 - Email: 7aComplianceCheck@sba.gov
 - Subject Line: Error 4363 – Application XXX (*enter your app number*)





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NEW: Compliance PreCheck

Compliance PreCheck Highlights



- Go-live date of August 18, 2023
- Applicable for any 7a and 504 loan
 - Lenders should only use this feature for potential SBA loans
- Smaller data-set sent for Compliance PreCheck
 - Similar in concept to SBSS pre-scoring lenders perform for potential SBA loan
 - Business and Principals
- Purpose is to alert lenders of Compliance Check codes that will be issued at time of submission
 - *There is no clearing of codes at pre-check*
 - Informational only

Compliance PreCheck Highlights



- How to use:
 - Log into CAFS
 - Select ETRAN Origination
 - Search for your App Number
 - Click on the blue button labeled **PreCheck Compliance**
- **Reminder: There is NO CLEARING OF CODES at Pre Check**



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New Fraud Risk Framework

STAR and Do Not Pay Implementation

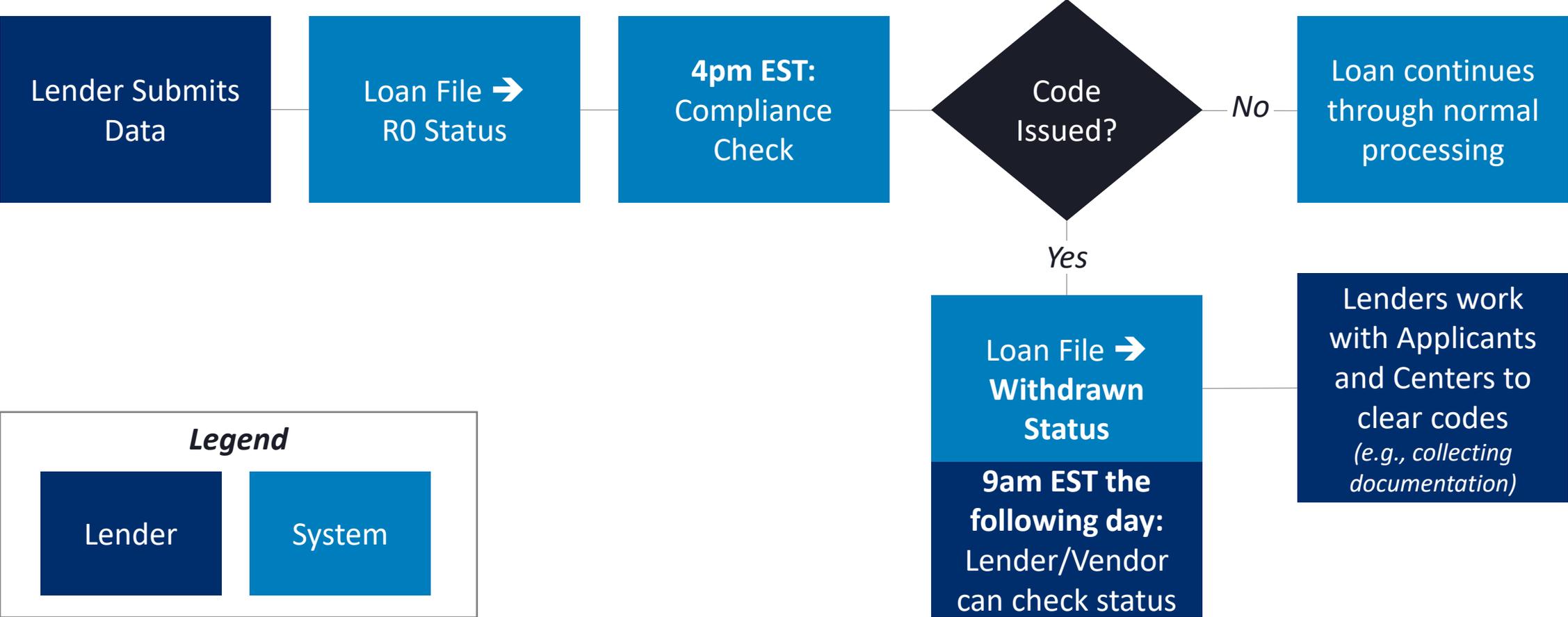
Compliance Reviews

SBA is changing their business model for all 7a and 504 loan guaranty products as part of the new SOP release:

- Treasury Do Not Pay (DNP)
- SBA History of Compliance
- Lexis Nexis evaluation of Business and Principals
- Business Credit Score

This business process is like PPP round 3.

High-Level Compliance Code Process



Steps to Review Compliance Check Codes

Checking for Codes within ETRAN

If your file is showing a status of Withdrawn the following are steps to view compliance code checks **that** were issued

- 1) Log into ETRAN > Origination and pull up your Application
- 2) Click on the menu labeled **Application Info** on the left-hand side
- 3) Scroll to the bottom of the page to view **Compliance Codes**
- 4) Click on the hyperlinked **Details** within the **Star Comments** column to view additional details



BEFORE you proceed any further...

- Carefully review the application data in ETRAN
- If there are typos in any of the Tax ID's, the Borrower Name or any Principal/Guarantor, *resubmit a new application with corrected data* (copy the app within ETRAN)
- SBA cannot clear alerts for applications with inaccurate data

If the data was input accurately, Lenders and CDCs can request for SBA to clear the compliance code.

Check Code	Source	Description	Check Date	End Date	Created By	Created On	Certification		Updated By	Updated On	Star Comments
							Required Indicator	Certification Date			
803	Star - Origination	NextGen Additional Business Affiliation	08/02/2023 2:27 PM		StarAI	08/02/2023 2:27 PM			StarAI	08/02/2023 2:27 PM	Details

Requesting Clearance of Compliance Code(s) from SBA

If the data was input accurately, Lenders and CDC's can request clearing of Compliance Codes from SBA.

Each code has a different set of instructions and/or documents

- 1) Upload supporting documentation via the **Documents** blue bubble and select **Compliance Support Documents**.
- 2) *AFTER* documents have been uploaded, send an email to appropriate processing center to request clearance:
 - 7(a) Loans: 7aComplianceCheck@sba.gov
 - 504 Loans: 504questions@sba.gov
 - Subject line: Compliance Code Resolution – Application XXX (*enter app number*)



List of Compliance Check Codes & Docs to Resolve

Compliance Code	Compliance Description	Alert Details	Supporting Documentation
801	Criminal Record	Individual currently incarcerated	<p>If no criminal record exists for the individual identified in the alert: a signed and dated statement from the individual confirming that no criminal record exists or a background report that demonstrates no criminal record exists for this individual.</p> <p>If a criminal record does exist for the individual identified in the alert: court documentation or a signed and dated statement from the individual that describes the specific charge(s), offense date(s), final disposition(s), and disposition date(s).</p>
802	Bankruptcy	Bankruptcy recorded within the past 10 years	<p>If neither the principal nor the business is currently in bankruptcy:</p> <ul style="list-style-type: none"> •Documentation (such as credit reports or search results from public records) demonstrating that [the business or individual referenced in the code] is not in bankruptcy, or •Court filings with the filing date and discharge date (where applicable), or •Additional court correspondence, or •Bankruptcy forms and documents. <p>If the principal or the business are in bankruptcy: documentation demonstrating that the Bankruptcy Court approved the borrower to obtain additional debt along with a statement from you that you are aware of the bankruptcy proceeding and have made a credit decision that the applicant remains credit worthy.</p>
803	Additional Business Affiliation	<p>Principal associated with business(es) other than the borrower business of the loan: [X/Y/Z]</p> <p>The borrower business is owned by another business entity</p>	A copy of the Lender's credit memo or other document that demonstrates the Lender's affiliate analysis and the impact on loan eligibility

List of Compliance Check Codes & Docs to Resolve

Compliance Code	Compliance Description	Alert Details	Supporting Documentation
804	Other Adverse Information (OFAC)	Business identified on OFAC or other watchlist(s)	Documentation confirming the identified business or individual is not on the OFAC or other watchlist. Lender must search all OFAC lists for the names of the borrower and all owners of the borrower. For any matches, the Lender must compare the information on the OFAC lists, including age, address, nationality, gender and any other information available from the OFAC lists, against the information provided by the borrower and/or its owners to determine whether it is a true match or a false positive.
		The input name matches the OFAC file	
805	Potential Decedent Application	The input SSN is reported as deceased; Date of death: [YYYYMMDD]	Documentation confirming the identified individual is not deceased, such as: 1.A notarized Identity affidavit, signed and dated by the individual identified in the alert, and 2.Current proof of identity including a copy of the individual's Social Security Card and driver's license or current valid Identification Card with photo.
		The input identity is reported as deceased; Date of death: [YYYYMMDD]	
806	Inactive Business	Business no longer active based on available public records	Documentation confirming the business is active: 1.The Secretary of State formation filing, or 2.Filed DBA documents, or 3.A current business license verified by issuing municipal authority, or 4.A current official entity verification certificate from the state of registration, or 5.Filed current-year Income Tax Returns.
		Business no longer active based on Secretary of State registration filing	

List of Compliance Check Codes & Docs to Resolve

Compliance Code	Compliance Description	Alert Details	Supporting Documentation
807	Mismatch of TIN (EIN/SSN/ITIN)	The input SSN is invalid	Documentation confirming the validity of the SSN or EIN, such as:
		The input SSN/TIN may have been miskeyed	<ol style="list-style-type: none"> 1.A current Income Tax Return or other recently filed tax forms verifying the Name and Tax ID Number for the borrower and principals, or 2.An SS4 issuing EIN (IRS letter), or 3.Filed DBA document that include the EIN, or 4.A Business License or State License Registration that includes the EIN, or 5.The Social Security Card for the identified individual. <p>Please note : If the EIN or SSN was entered incorrectly in E-Tran, you must make a copy of the application in E-Tran (with all documents), correct the EIN/SSN and resubmit it as a new loan application.</p>
		The input SSN/TIN was missing or incomplete	
		The input business TIN is potentially invalid	
		The input business TIN may have been miskeyed	
		The input business TIN was missing or incomplete	
808	Mismatch of Entity Name (Individual, Company or DBA)	Unable to verify name	Documentation confirming the business name is correct and is associated with the Tax ID entered in E-Tran, such as:
		The input business TIN is associated with a different business name and address	<ol style="list-style-type: none"> 1.A current Income Tax Return, or other recently filed tax forms, verifying the Name and TIN for the borrower and principals, or 2.A Driver's license or current valid Identification Card with photo, or 3.The borrower's Social Security Card. <p>Please note : If the EIN or SSN was entered incorrectly in E-Tran, you must make a copy of the application in E-Tran (with all documents), correct the EIN/SSN and resubmit it as a new loan application.</p>
		Unable to verify business name on business records	
816	Large Number of Employees at Residential Business Address	The input business address may be a residential address and has [X] number of employees.	<p>Documentation confirming the business address and number of employees are correct:</p> <ol style="list-style-type: none"> 1. Proof of an alternate operating address such as a current utility bill or recently filed Income Tax Return listing the correct business address and/or an explanation of why the alternate operating address was not listed on the application form, or 2. A signed statement by the borrower explaining how the borrower's operations and number of employees can be supported from a residential address, or 3. Proof that the borrower's address entered in E-TRAN is not a residential address.

List of Compliance Check Codes & Docs to Resolve

Compliance Code	Compliance Description	Alert Details	Supporting Documentation
819	Do Not Pay - TOP and CAIVRS	Applicant, Principal or Guarantor listed in Do Not Pay for delinquent or defaulted federal debt	Documentation showing the debt that was reported to TOP or CAIVRS has been paid in full or the borrower is in a payment plan for the full amount (not a settlement amount) and payments are current.
818	Do Not Pay - SAM	Applicant, Principal or Guarantor appears to be on System for Award Management (SAM) Exclusion list	The application will remain Withdrawn until the identified individual is removed from SAM. Please work with your borrower to get this resolved. Once the borrower is no longer on the SAM report, the Lender can make a copy of the application in E-Tran and resubmit it as a new loan application.
817	Do Not Pay - Death Sources	Principal/Guarantor, as entered in ETRAN, appears to be deceased	Documentation confirming the identified individual is not deceased, such as: 1.A notarized Identity affidavit, signed and dated by the individual identified in the alert, and 2.Current proof of identity including a copy of the individual's Social Security Card and driver's license or current valid Identification Card with photo.

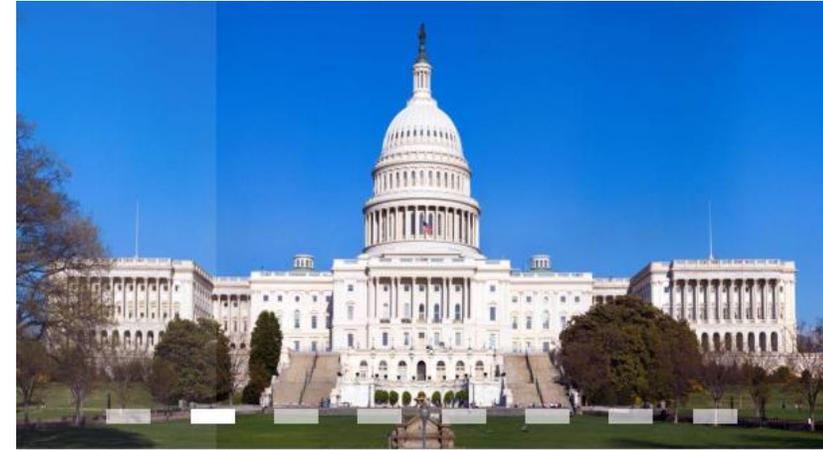
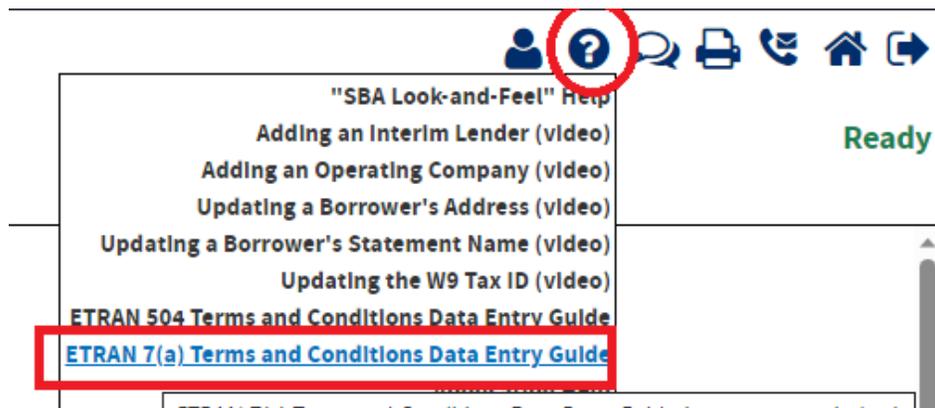


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7a Terms and Conditions

7(a) Terms & Conditions Implemented in ETRAN Origination

- 7a Terms and Conditions is available within ETRAN
- Data Entry Guide found in 2 areas within CAFS:
 - CAFS Landing Page
 - ETRAN > Origination > FAQ
- Refer to Data Entry Guide for questions



News

Congressional Reports

Activity by Congressional District Report

7(a) Terms and Conditions Data Entry Guide

An ETRAN data entry guide for the 7(a) Terms and Conditions is now available here.

CAFS Requirements

JavaScript should be enabled. Add this site to your Popup exception list of sites. The following browsers are supported: Chrome: Version 90+; Firefox: Version 88+;

7(a) Terms & Conditions Implemented in ETRAN Origination



U.S. Small Business Administration

TERMS AND CONDITIONS

SBA Loan #	[Not Yet Approved]
SBA Loan Name	The NAGGL, LLC
Approval Date	[Not Yet Approved]

U.S. SBA:
Small Business Administration
Standard 7a Loan Guaranty Processing Center
6501 Sylvan Road, Suite 100
Citrus Heights, CA 95610-5017

Lender:
Bank of America, National Association
100 N Tryon St, Ste 170
CHARLOTTE, NC 28202

As stated below, SBA's guaranty is subject to the terms and conditions digitally submitted in E-Tran (including any changes) and the Lender's compliance with all applicable SBA Loan Program Requirements as defined in 13 CFR 120.10. Lender must have a valid SBA Loan Guaranty Agreement (Form 750) applicable to the 7a General.

Borrower

1. Test 2 NAGGL Loan, LLC dba The NAGGL, LLC
555 C US ROCKAWAY 4B
ROCKAWAY, NJ 07866-3806

SBA approves the Lender's request for SBA to guarantee 75.00% of a loan ("Loan") in the amount of **\$286,900.00**.

1. Lender must complete all disbursements of the loan no later than 48 months from the date of issuance of the SBA loan number. Any remaining undisbursed balance will be cancelled by SBA.
2. 7(a) Lender Fees payable to SBA:
 - a. SBA Guaranty Fee (Upfront Fee) = \$0.00
 - b. Lender Annual Service Fee as a percentage of the outstanding principal balance of the guaranteed portion of the loan = 0.00
3. Repayment Terms:
 - a. Loan Term: 123 months from the date of the first disbursement
 - b. Interest Only Period: 3 months
 - c. Starting Payment Amount: \$3,185.18
 - d. Frequency of Payments: Quarterly
 - e. Interest
 - i. Initial Rate: 3.00%
 - ii. Interest Type: Variable
 - iii. Base Rate: 2.00% source - Wall Street Journal Prime Rate
 - iv. Spread: 1.00
 - v. Frequency of Rate Adjustment: Every Calendar Month
 - vi. Payment Amount: \$3,185.18
 - f. Loan Repayment
Notwithstanding any provision in this Note to the contrary:
Borrower may prepay this Note. Borrower may prepay 20 percent or less of the unpaid principal

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balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

4. Use of Proceeds: Lender must ensure that proceeds of loan were used for the following eligible business purposes:

- a. \$286,900.00 for working capital

\$286,900.00 is the total amount of proceeds.

5. Guarantors:

Name	Guaranty Type
Keve Stucharski	Full Secured Guarantee

6. Collateral:

Collateral Type	Description
Residential Real Property	First Deed of Trust (including due on sale clause) on land and improvements located at 1512 STONEWALL LANE FALLSTON, MD 21047 - 2625 . This property is Residential. <ol style="list-style-type: none"> a. Subject to no other liens.

Bank of America, National Association

By: _____ Date _____

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Reminders & Tips

The document button and generation are only available for Lenders from within **ETRAN Origination** for loans with the following statuses:

- Application In Process (IP)
- Awaiting Documents (AD)
- Funded (FD)

A loan with a status of In Review Reviewer 1 (R1) cannot be edited, nor can a T&C be generated.



Post-Approval Changes / Loan Modifications:

- Any changes made to **ETRAN Servicing** will not be reflected in the T&C.
- Changes or corrections needed post-approval will follow the normal loan modification process.