

Transcript of Account

For purposes of transcript analysis in the guaranty purchase review process, SBA will consider the date of default to be the first day on which the full amount of a regular installment payment was due and was not paid in full. The default date will not advance after a loan exceeds 90 days past due unless the loan meets one of the following criteria for restoration to performing status.

- (1) A workout arrangement with regular payments is in effect that provides for payments in an amount less than the stated payment amount required by the note. The lender must document its loan file with respect to the terms of the workout. A deferment followed by regular loan payments may qualify as a workout.
 - (2) The borrower makes sufficient payments to bring the loan payment status to less than 60 days past due and continues to maintain this status of less than 60 days past due by making regular payments.
- If a loan is not restored to performing status, borrower payments received by the lender more than 90 days after the default date may be applied by the lender to loan interest and/or principal according to the terms of the note. However, collections that derive from collateral liquidation, insurance proceeds, distributions from the estate of the debtor, or other third party sources of funds must be applied as principal reductions. Guarantor payments may be applied to interest and/or principal.
 - Liquidation Proceeds and Payment of Interest If a lender applies liquidation proceeds to interest, the interest recovered by the lender will be deducted from the interest SBA pays at the time of guaranty purchase. If a lender applies liquidation proceeds to interest in an amount in excess of the interest payable at purchase (up to 120 days in most cases), the excess must be reapplied as a principal reduction on the transcript.