SBA's E-Tran

Electronic Loan Processing/Servicing



What is E-Tran?

E-Tran is an SBA loan guaranty origination/servicing solution that:

- Leverages internet technology to reduce the turnaround time on loan guaranty requests
- Is integrated into your SBA software products and enables you to submit electronically from your existing screens
- Provides increased efficiency and decreased costs in the loan guaranty origination and servicing processes

Who is Eligible to Use E-Tran?

All delegated loan program lenders are eligible for loan origination (SBAExpress, PLP, Community Express, Patriot Express, and Export Express)

All loan programs are eligible for loan servicing.



Information Required for E-Tran

Apply on-line at https://eweb.sba.gov/gls or contact:

Stephen Kucharski (202)205-7551 stephen.kucharski@sba.gov

Glenn Hannon (202)205-7122 <u>glenn.hannon@sba.gov</u> Jihoon Kim (202) 205-6024 <u>jihoon.kim@sba.gov</u>

You will also be receiving information from our Servicing Centers on training assistance.

The following lender information will be required to issue a user id/password to a lender for E-Tran:

First Name, Middle Initial, Last Name of User

Lender Name:

Location Id (an electronic lookup is provided)

Complete Mailing Address:

Title:

Telephone Number:

E-mail address:



Scenario A: Direct File Transfer

Loan origination or servicing data is exchanged with the SBA via your software vendor product, or directly from your proprietary system. The data format is XML (industry standard)

The data transmission is kept confidential through the use of 128-bit encryption to secure the information being transmitted to the SBA and locally encrypting the URL to which the information is being sent. If an application is missing key information, or has other problems, the loan submission may be returned. An approved request is assigned a loan number and the loan number is sent to the loan processor.



Scenario B: Web Application

Scenario B: Lender has internet capability, but does not use a software vendor product or is not inclined to modify their proprietary system:

Lenders must log into the system with their user names and passwords, which are entered into SBA's security system and authenticated against SBA's Partner Identification Management System (PIMS).

The security system and PIMS serve as the gatekeepers to E-Tran. The integration of these three systems prevents a lender with an inactive SBAExpress agreement from processing a SBAExpress loan electronically.



The E-Tran Web Application





Electronic Lending

Export Express

Expand Collapse

- American Business Corp comp
- Lender Info
- Application Info
- Use of Proceeds
- 📋 Collateral Register
- Lender Comments
- Eligibility
- Project Info
- Borrowers
- Guarantors
- Business Financials

The E-Tran Web Application Navigation

While working through an individual application, a navigation tree appears in the left frame of the screen, like the one shown here.

The tree navigates to specific sections of the loan application and contains links to specific data already entered for the current application. It consists of a series of links for the current application that will save the data on the current screen and take you to the item that you selected. Folders and subfolders are used when multiple entries are possible, (e.g. Borrower, Principals and Previous Government Financing).



The E-Tran Web Application: Search Function

From the Search Results page a user can start a new application or select an existing application for update or viewing.

Applications that are funded can only be viewed. Applications in a review status can only be updated by the assigned reviewer. All other access is view only.

The following screen is an example of what a lender might see when performing a search.



The E-Tran Web Application Search Results



Electronic Lending

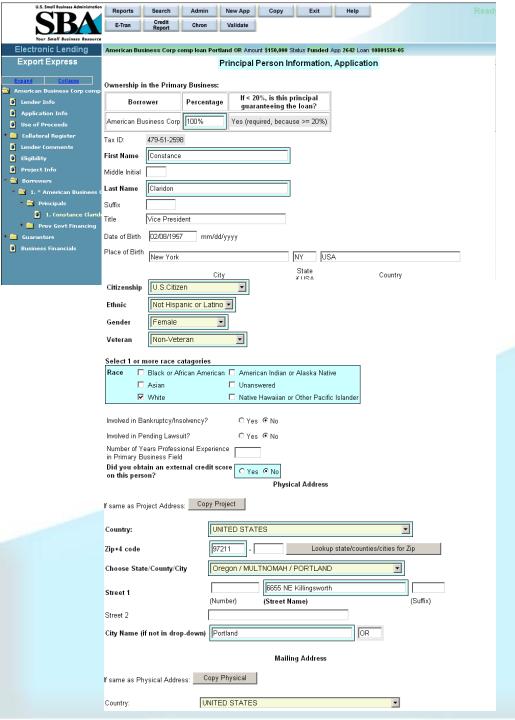
App Number	Loan Name	State	Processing Method	Requested Amount	Entry Date	Status	Loan Number	Loan Source
2652	Tasha's, Inc. DBA Youngberg Hill Vineyard & Inn	OR	SBA Express	\$250,000.00	2007-02-21 13:06:51.036	FD	10802450-08	XML
<u>2651</u>	Galaxy Granite, Inc.	UT	Preferred Lenders	\$18,100.00	2007-02-08 13:42:17.7	FD	10802350-05	XML
<u>2650</u>	Martin D. Bailey	МО	Preferred Lenders	\$798,000.00	2007-02-08 13:20:29.126	FD	10802250-02	XML
2649	Exodus Moving and Storage, Inc.	СО	SBA Express	\$100,000.00	2007-02-06 10:47:14.086	FD	10802150-10	WEB
2648	Sheri's Accounting Service	WA	Export Express	\$250,000.00	2007-02-06 10:42:00.893	FD	10802050-07	XML
2647	Jill realtors	MT	SBA Express	\$250,000.00	2007-02-06 10:40:14.186	FD	10801950-06	XML
<u>2646</u>	Exodus Moving and Storage, Inc.	СО	SBA Express	\$100,000.00	2007-02-05 18:44:01.723	FD	10801850-03	XML
	CAMBIO ENITERPRISES							

The E-Tran Web Application

	Reports	Search	Admin	New App	Сору	EXIT	неір		
SBA	E-Tran	Credit Report	Chron	Validate					
Your Small Business Resource									
Electronic Lending	American Busin	ness Corp c	omp Ioan Poi	rtland OR Amou	int \$150,000 S	Status <mark>Funded</mark>	App <mark>2642</mark> Loan	10801550-05	
Export Express				Use	of Proce	eds , Appl	ication		_
Expand Collapse	Code	e	Desc	ription		Amount	t	Comments	
N American Business Corp comp D Lender Info	A01	Purchase			Г				
Application Info	A02			mprovements	<u>'</u> _				
Use of Proceeds		_		<u>'</u>					
Collateral Register	A03		Improveme	nts					
Lender Comments	A04	Construc	t a Building		<u> </u>				
Eligibility	A05	Add an A	ddition to a	Building					
Project Info Borrowers	A06	Make Re	novations to	a Building					
Guarantors	A07	Pay Off In	nterim Const	ruction Loan	Ī				
Business Financials	A08	Pay Off L	ender's Inter	rim Loan					
	A09	Make Lea	asehold Impr	rovements to a	Buildina				
	A13	Pay Trade	e or Account	ts Payable					
	A14	Pay Note	s Payable						
	A15	Pay Outs	tanding Deb	t					
	A16	Purchase	a Business						
[b]	A17	Purchase	: All Outstan	ding Stock					
	A18	Pay SBA	. Loan						
	A19	Working	Capital		9	150,000.00			
	A20	Pay the 0	Guaranty Fee	9					
	A21	Other							
		Total:			9	150,000.00			
	Reset Clea		> First Gov >	dified: 12/05/2 > E-Gov -> Regula * Information Qual	ntions.gov →\	White House	Ü	.309 seconds Version: 3.3	3

Additional information such as **Use** of **Proceeds** can easily be completed with the web format.





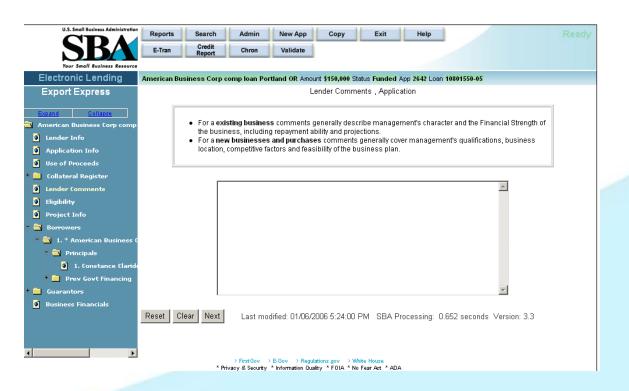
The E-Tran Web Application

Information will be collected on each 20% owner of the business.

When more than one owner has 20%, a second screen will open allowing SBA to capture that information.



Completing an Application



Lenders will get a screen allowing for additional comments on the loan application. Once an application is complete, the lender can validate and submit the application. A message will indicate that the application was approved.



Credit Score

- Liquid Credit
- Hybrid Business Score
 - Consumer Credit Information
 - Business Credit Information
- SBA will obtain (and pay for) credit score
- High and Low Score Cut-Offs
- All borrowers must have a DUNs number to obtain a credit score
- ◆ There is a high and low "liquid credit score" cut-off that SBA has established within E-tran. If the borrower's liquid credit score (that SBA generates from the information the lender submits through E-tran) falls outside of the high or low score limits, the lender will receive a message that the application has been referred to the 7(a) Loan Guaranty Processing Center. The message will also include the fax number for the additional information that the Center requires. If the loan is referred because the credit score exceeds the limit established, Lenders must provide documentation on the financial hardship being experienced by the business.

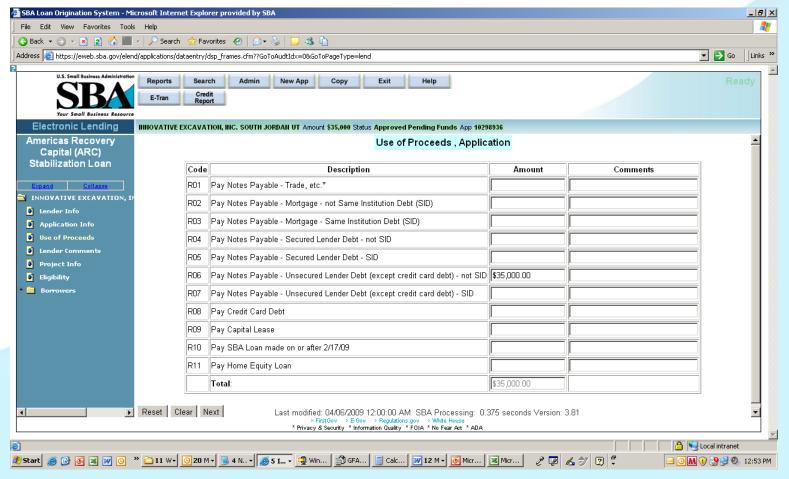


E-Tran

- The following slides show the additional E-Tran screens required for ARC Loans.
 - Use of Proceeds
 - Financial Hardship
 - Eligibility/Credit Criteria Certification

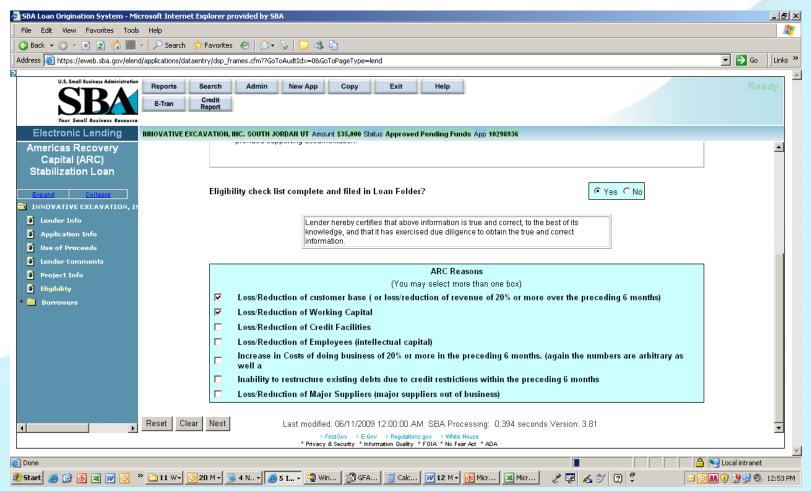


E-Tran – Use of Proceeds



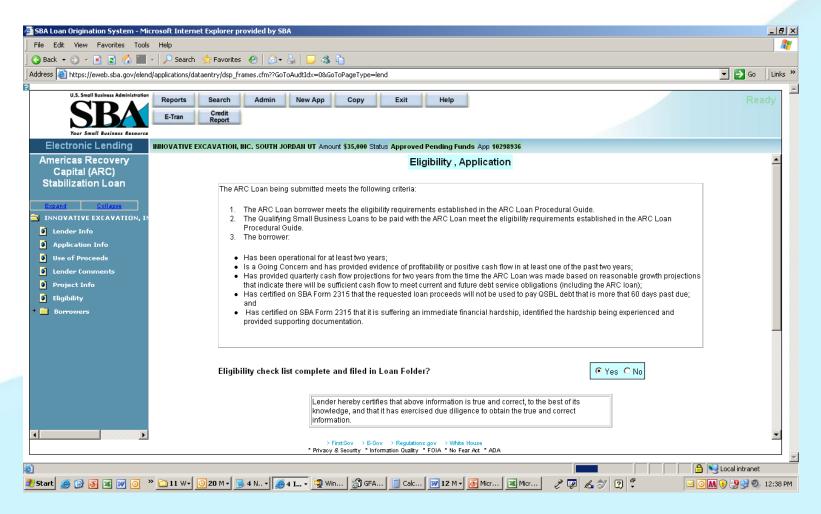


E-Tran – Financial Hardship





E-Tran – Eligibility/Credit Criteria





What Lenders Say about E-Tran

- Instant assignment of SBA number (decreased turnaround time and convenience)
- Competitive advantage: Ability to respond in the market place and close loans faster
- Automated report features
- Confidence that eligibility compliance is being maintained due to system design of the data entry and Validation
- Automatic calculation of fees



What Lenders Say about E-Tran

- Access to technical support (very responsive)
- Drafts can be created and stored to return to at a later date
- Overall programming very "user-friendly" and easy to train
- Instant validation provides comfort that there are no errors in data entry
- Improves transparency



E-Tran Servicing

- E-Tran lenders now have the ability to handle unilateral servicing actions electronically (for example reporting cancellations of approved, fully undisbursed loans using E-Tran Servicing)
- E-Tran lenders have the ability to view the status of their loans postorigination (maturity date, loan payments, etc.). E-Tran servicing includes all SBA loans.
- Guaranty Fee calculator built into E-Tran Servicing
- Expedites the purchase process...
- Reduces 1502 errors
- Ultimate goal is to enable lenders to handle all unilateral Servicing actions (address changes, name changes, maturity extensions via E-Tran

http://www.sba.gov/aboutsba/sbaprograms/elending/clc/servicing/index.html

			Unilatera	al Actions		
		Etrans? YES	Notify SBA?	Notify SBA? YES	Requires prior SBA Approval	Lenders ca use handy Form 2237
ior to Initial Di						
	Maturity extensions (PLP/Express = Notify; GP = Prior Approval)	X		X	X	X
	Initial disbursement date (PLP/Express = Notify; GP = Prior Approval)			X	X	X
	Legal name /trade name change	X		X		X
	Change in Tax ID # or Social Security #		-	X		X
	Increase/Decrease in int rate (PLP/Express = Notify; GP = Prior Approval)			X	X	X
	Increase/Decrease to loan amount				X	X
	Increase/Decrease the guaranty percentage				X	X
	Reinstatement of loan				X	
	Cancellation of loan	X		X		X
	Environmental Reviews (GP loans only)				X	
	Environmental Reviews (PLP and Express only) Changes to loan authorization (GP loans only)		X			
	ursement (13 CFR § 120.535 and 13 CFR §120.536) Any action that confers a Preference on the Lender				X	
	Any action that confers a Preference on the Lender Transferring a loan between two Participant Lenders				X	
	Any action that confers a Preference on the Lender					
Miscellaneous	Any action that confers a Preference on the Lender Transferring a loan between two Participant Lenders Transfers, sells or pledges more than 90% of a loan Any action for which prior written consent is required by a Loan Program Requirement (e.g. Emergency Repurchase from Secondary Market, see		X		X	
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Miscellaneous Payments Changes/Edits	Any action that confers a Preference on the Lender Transferring a loan between two Participant Lenders Transfers, also or pledges more than 90% of a loan Any action for which prior written consent is required by a Loan Program Requirement (e.g., Emergency Repurchase from Secondary Market, see Chapter 5 of SOP 50-50-4) Payment Modification//Deferments 2 Provide Payoff figures to borrowers Rate Changes 2 Determination of Involuntary Prepayment/Subsidy Recoupment Fee Accept prepayments Adjust management covenants Assumption/Change in borrower's form 3 Change of legal name, trade name, or address Correct obvious typographical errors Compromises Increases to the principal amount of a loan Decrease in loan amounts Changes to loan authorization Extend final disbursement period		X X X X	X X	X X X	X X X



E-Tran Servicing

- What lenders are saying about E-Tran Servicing:
 - Eliminates the headaches associated with faxing documents back and forth to the Servicing Center - depending on the number of items (Servicing Requests) that we need to fax, we constantly receive incomplete fax notifications and/or do not receive a response from the Servicing Center - this generates another fax request.
 - Expedite the process by getting immediate cancellations this in turn places the funds back into the SBA General Account to be loaned to another applicant and gets our refund of the cancelled loan processed immediately.
 - Streamlines our internal process one person will be able to handle the cancellation process from start to finish

Software Vendors and SBA's E-Tran

Many Software vendors have expressed interest in working with SBA on E-Tran servicing. Lenders currently using a software vendor are encouraged to contact their vendor to find out about their development efforts.

Likewise, Lenders with robust systems development groups are encouraged to contact SBA if they are interested in a direct file transfer implementation for origination and servicing.

