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Business Lending News

CREDIT REPORTING REQUIREMENTS FOR SBA LOANS WE'RE FOLLOWING UP: CLOSING THE 'BLACK HOLE'

In a November eBulletin we alerted you about the long-standing federal requirement for quarterly reporting of business credit histories to credit reporting agencies for all SBA-guaranteed loans. We noted that Debbie Golbach, Vice President, Business Development for [Business Credit Reports](#), estimates that more than 80% of SBA lenders aren't fulfilling the requirement.

Further, she acknowledged that there's somewhat of a "black hole" in accountability. The black hole: Because credit reporting flows through the commercial reporting agencies, the only way SBA finds out if a lender is complying is by asking during reviews - and following up.

Closing the Black Hole. On December 15, 2014, SBA issued Information Notice 5000-1330 - underscoring the reporting requirement to all SBA employees. The Notice was effective immediately. Among other resources, it references the federal [Debt Collection Improvement Act of 1996](#) and the [Guide to the Federal Credit Bureau Program](#). And it highlights the provision in Chapter 3, Paragraph F. 2 of [SOP 50 57](#). The language is abundantly clear:

"In accordance with the Debt Collection 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."

The teeth are in this requirement! If you're an SBA lender, you must comply. I encourage you to review SBA Information Notice 5000-1330 with your lending staff, For questions or more information, please contact the lender relations specialist in your local [SBA field office](#).

I hope this information has been helpful. In addition to serving your SBA and member business lending needs, our JRB Team is committed to acting as an ongoing informational and educational resource.

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