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## Managing Your SBA Portfolio

"Chains of habit are too light to be felt until they are too heavy to be broken."  
Warren Buffet

It's easy to get into a habit that earns revenue on the front end. Closing loans is great for the books, but managing your loan portfolio after the fact is critical to your bottom line. Many financial institutions focus their efforts on booking and closing their SBA loans. Yet they let critical servicing responsibilities fall through - a bad habit that can put their SBA loan programs at risk. Disbursed loan funds not following the Authorization, failure to review current financial statements, letting Express loans mature without renewal... will lead to losses and denied SBA guarantees.

The intended worth of the guarantee isn't its secondary market value - it's the shield of protection it represents - mitigating loan losses after collections. As more and more loans are going to liquidation, the amount of guarantee denials or repairs has dangerously skyrocketed, and left lenders with expensive charge offs. The tragedy is that with better attention to detail most of these charge offs could have been avoided.

"We're finding that most of the issues our clients are facing at liquidation could have been avoided if they had performed an early portfolio review," says Rebecca Mendoza, J.R. Bruno consultant. "The review would have allowed them time to take the needed corrective actions to avoid or minimize the repairs and denials we are seeing now. We cannot stress enough the importance of properly managing your SBA portfolio."

There is a negative impact on lenders for negligent portfolio management and liquidation practices. The knee-jerk response of some lenders has been to abandon ship. Cutting out SBA activity is a mistake. If new loans cease while liquidations increase, institutions run the risk of losing their PLP status or 750 Agreement altogether. In today's economy, new quality loans with a guaranty are better than no loans at all. The key is to do it right!

J.R. Bruno & Associates has decades of experience with the SBA, its SOP and loan products. We are a proactive member of NAGGL as well as the Small Business Lending Community nationwide. Our mission is to aid your staff and protect your SBA portfolio - start to finish.

Keep up your SBA activity - avoid denial or repair and reassure your portfolio's position. Do your due diligence; contacting us is the first step.

Visit us at: [www.jrbrunoassoc.com](http://www.jrbrunoassoc.com).  
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