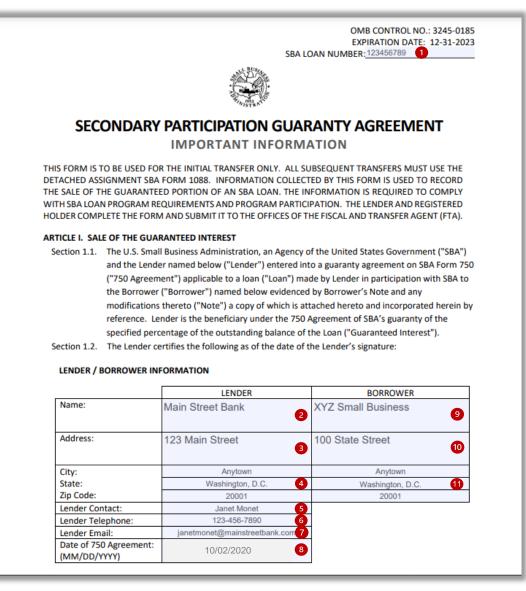


FORM 1086 User Guide

This guide will address how to correctly fill out the Secondary Participation Guaranty Agreement, also known as SBA Form 1086. Please see the field descriptions below, along with an example Form 1086.

## On page one, complete the LENDER / BORROWER INFORMATION.

- 1. SBA Loan Number: Input the 10-digit numerical SBA-assigned loan identification number.
- 2. Lender Name: Institution that is selling the loan.
- 3. Lender's address: Input the address of the Lender.
- 4. Lender City, State and Zip Code: Input the City, State, and Zip Code of the Lender.
- 5. Lender Contact: Authorized representative from the selling institution.
- 6. Lender Telephone: Phone number of the contact person.
- 7. Lender Email: Email of the contact person.
- Date of 750 Agreement (MM/DD/YYYY): Date on the agreement that allows Lender to originate and service SBA loans.
- 9. Borrower Name: Name of the individual/entity that received the loan.
- 10. Borrower's Address: Input the address of the Borrower.
- 11. Borrower's City, State and Zip Code: Input the Borrower's City, State, and Zip Code.





### On page two, enter the LOAN INFORMATION, SALE & FEE INFORMATION, and REGISTERED HOLDER INFORMATION.

### **LOAN INFORMATION** (page two)

- 1. Date of Note (MM/DD/YYYY): Date indicated on the Note (SBA Form 147).
- 2. SBA Loan Authorization Date (SBA Form 529B) (MM/DD/YYYY): Date of Loan Authorization Agreement.
- **3. Percent of SBA Guaranty:** The percentage stated on SBA's Loan Authorization (SBA Form 529B) or any attached modification or allonge.
- 4. Date SBA Guaranty Fee was Paid (MM/DD/YYYY): Date on which the guaranty fee was paid by Lender to SBA. This fee must be paid before Form 1086 is sent to the FTA.
- 5. Interest Paid-To-Date (MM/DD/YYYY): The Interest Paid-To-Date at the time the 1086 Is being completed. This may be subject to update immediately prior to settlement. Loan can be paid no more than 60 days in arrears.
- 6. Date of INITIAL Disbursement (MM/DD/YYYY): Date when the first disbursement was made to the borrower on this loan.
- 7. Date of FINAL Disbursement (MM/DD/YYYY): Date when the final disbursement was made to the borrower such that the amount undisbursed is zero.
- **8.** Original Face Amount (\$): Original amount of the loan as found on the Note (SBA Form 147) or any attached modification or allonge.
- **9. Outstanding Principal Amount of Loan (\$):** Outstanding Principal at the time Form 1086 is being completed. This may be subject to update immediately prior to settlement.
- **10. Outstanding Principial Amount of Guaranteed Interest (Par Value) (\$):** Guaranteed portion of the amount listed in field eight. This may be subject to update immediately prior to settlement.
- 11. Guaranteed Portion (f=Fixed, or V=Variable) (Check one): Interest rate as stated on the Note (SBA Form 147).
- 12. Unguaranteed Portion (F=Fixed, or V=Variable) (Check one): Interest rate as stated on the Note (SBA Form 147).
- **13. If Guaranteed Portion is Variable: Base Rate:** The current percentage of the variable base rate in relation to the loan, the word "PRIME", or the words "SBA Peg Rate".
- 14. Guaranteed Portion: Check one from PRIME and SBA Peg Rate.
  - a. Note: SBA LIBOR is no longer an acceptable base rate.
- 15. Unguaranteed Portion: Check one from PRIME and SBA Peg Rate.
  - a. NOTE: SBA LIBOR is no longer an acceptable base rate.
- **16.** Interest Accrual Method (1 or 2, choose one): Indicate the calendar basis that is being used to calculate per interest per diem. The calendar basis selected will be maintained for the life of the loan (1 = 30/360; 2= Actual/365).

Date of Note (MM/DD/YYYY)			12/06/2020	
SBA Loan Authorization Date (SBA Form 529)			11/04/2020	
Percent of SBA Guaranty (%)			75.00000%	
Date SBA Guaranty Fee was Paid (MM/DD/YYYY)			12/06/2010	
Interest Paid to Date (MM/DD/YYYY)			12/15/2021	
Date of INITIAL Disbursement (MM/DD/YYYY)			12/06/2020	
Date of FINAL Disbursement (MM/DD/YYYY)			12/06/2022	
Original Face Amount (\$)			\$ 606,000.00	
Outstanding Principal Amount of Loan (\$)			\$ 606,000.00	
Outstanding Principal Amount of Guaranteed Interest (Par Value) (\$)			\$ 45	4,500.00
Guaranteed Portion			<b>Fixed</b>	Variable
Unguaranteed Portion			Fixed	Variable
	If Guaranteed Portion	is Variable: B		/// IBOR
Guaranteed Portion	×			
Unguaranteed Portion	V			



### **SALE & FEE INFORMATION** (page two)

- 1. Price Paid by Purchaser (\$): Dollar price agreed to be paid by first Purchaser to Lender. Guaranteed Outstanding Balance \* % of Par.
- 2. Price Paid as a % of Par Value of Guaranty Interest (%): Price percentage agreed to be paid by first Purchaser to Lender.
- 3. SBA Annual Service Fee (%): Annual Service Fee %.
- 4. Lender Servicing Fee (%): Lender Servicing Fee %.
- 5. FTA Fee (%): FTA Servicing Fee %.
- 6. SBA Program User Fee (%) If price is in excess of 110 percent of the outstanding principal amount of the guaranteed portion of the Loan (See Section 1.7 on Form 1086): Percentage share to the SBA of the excess of 110 percent of the outstanding principal amount of the guaranteed portion of the Loan.

Price Paid by Purchaser (\$)	\$508,535.51
Price Paid as a % of Par Value of Guaranty Interest (%) 508,535.51/454,500.00 x 100 =	111.88900%
SBA Annual Service Fee (%)	0.49000%
Lender Servicing Fee (%)	1.00000%
FTA Fee (%)	0.12500%
SBA Program User Fee (%) – If price is in excess of 110 percent of the outstanding principal amount of the guaranteed portion of the Loan (See Section 1.7 below).	0.94450%

### **REGISTERED HOLDER INFORMATION** (page two)

- 1. Name: Name of the Registered Holder (First Purchaser).
- 2. Address: First Purchaser's Address.
- 3. City, State, Zip Code: First Purchaser's city, state, and zip code.
- 4. Contact Person: First Purchaser's contact person.
- 5. Telephone: First Purchaser's contact person's telephone number.
- 6. Email Address: First Purchaser's contact person's email address.

Lender hereby assig	gns the Guaranteed Int	erest to Purchaser/Registere	d Holder as f	ollows:
Name:	Example Secur	ities		
Address:	60 Broad Stree	t		
City, State Zip Code	Anytown	ТΧ		70000
Contact Person:	Marie Investor			
Telephone:	871-555-2222			
Email Address:	marieinvestor@	)purchaser-example.	com	



# FORM 1086 User Guide

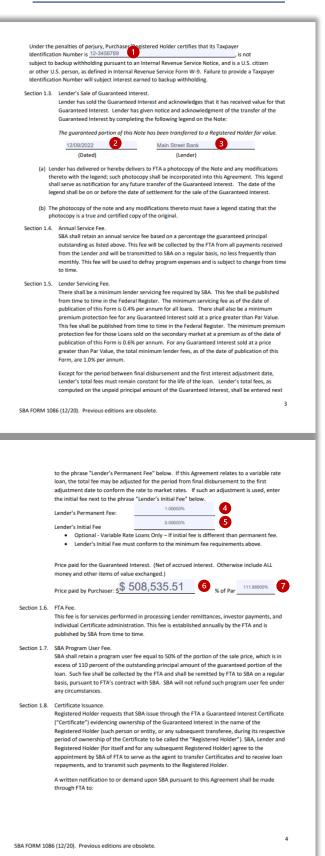
On pages three and four, continue to fill out the Registered Holder Information.

### **REGISTERED HOLDER INFORMATION** (page three)

- 1. Taxpayer ID Number: First Purchaser's TIN number. Failure to provide a TIN will subject interest earned to backup withholding.
- 2. Dated: Current date.
  - a. Note The legend shown in Section 1.3. must be completed on the original Note and have an authorized signer of the Lender sign and date it.
- **3.** Lender: Name of Lender. Same name as that indicated on page one of Form 1086 and on the Note (SBA Form 147).
  - a. Note The legend shown in Section 1.3. must be completed on the original Note and have an authorized signer of the Lender sign and date it.

### **REGISTERED HOLDER INFORMATION** (page four)

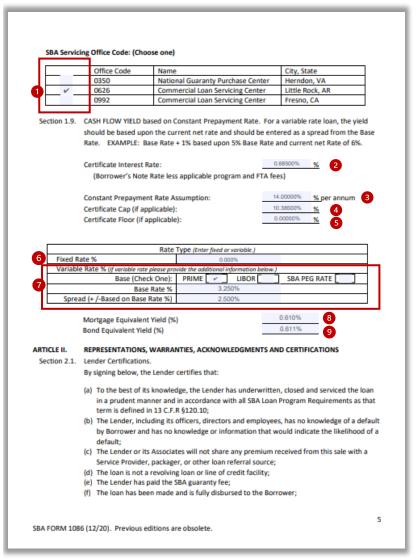
- Lender's Permanent Fee: Applies to sold portions of variable and fixed rate loans. Fee is negotiated between Lender and the first Purchaser prior to the settlement. Fee remains constant for the life of the loan. Minimum fee is .40% (as of 1995) for discount and par sales; 1.00% for premium sales.
- 5. Lender's Initial Fee: Applies to sold portions of variable loans only. Fee is negotiated between Lender and the first Purchaser prior to the settlement. Loan may have an initial Lender's servicing fee during the period between final disbursement and the first interest adjustment date. \*Must conform to minimum fee requirements described in field Lender's Permanent Fee.
- 6. Price paid by Purchaser (\$): Price agreed to be paid by first Purchaser to Lender. Guaranteed Outstanding Balance \* % of Par.
- 7. % Of Par: Price agreed to be paid by first Purchaser to Lender.





### On page five, enter the **<u>SBA SERVICING OFFICE CODE.</u>**

- 1. SBA Servicing Office Code (Choose one from 0350, 0626, and 0092): SBA Servicing Office to which demand upon SBA would be made.
- 2. Certificate Interest Rate ((%) (Borrower's Note rate less applicable fees):
  - **a.** Fixed Rate: Borrower's Rate Lender's Servicing Fee SBA's and FTA's Fees.
  - **b.** Variable Rate: Spread Lender's Servicing Fee SBA's and FTA's Fees.
- 3. Constant Prepayment Rate Assumption (% per annum): Information quoted by first Purchaser to the Lender. CPR is the annualized percentage monthly prepayment rate. By selecting a CPR at which the principal is repaid, cash flows can be more accurately estimated, assuming that prepayments are spread out over time.
- Certificate Cap (%, if applicable): If variable rate loan with a cap – as stated on the Note, net of Lender's Servicing Fee, SBA's, and FTA's fees.
- Certificate Floor (%, if applicable): If variable rate loan with a floor – as stated on the Note, net of Lender's Servicing Fee, SBA's, and FTA's fees.
- 6. Rate Type: *If Fixed Rate*, enter the Fixed Rate %: Borrower's Note Rate.
- 7. Rate Type: <u>If Variable Rate</u>, please provide the additional information below:
  - a. Base (Check One): Check one from PRIME and SBA PEG RATE.
    - i. Note: SBA LIBOR is no longer an acceptable base rate.
  - b. Base Rate %: The base rate chosen and reflected is between the registered holder, the lender, and the broker/dealer.
  - c. Spread (+/- Based on Base Rate %): +/- based on Base Rate %.
- 8. Mortgage Equivalent Yield (%): If fixed rate loan yield quoted by first Purchaser.
- **9. Bond Equivalent Yield (%):** If fixed rate loan yield quoted by first Purchaser.



FORM 1086

**User Guide** 



# Pages 6-21 identify **ARTICLE II, REPRESENTATIONS, WARRANTIES, ACKNOWLEDGEMENTS, AND CERTIFICATIONS.**

<u>Please read this section in its entirety.</u> Completing the Certification section shows that the Lender acknowledges and complies with each section of the Secondary Participation Guaranty Agreement.

After reading Article II, complete the **<u>CERTIFICATION</u>** on page 22.

- 1. Day: Day of signing.
- 2. Month: Month of signing.
- 3. Year: Year of signing.
- 4. **REGISTERED HOLDER:** 
  - a. Name: First Purchaser. Same as that indicated on page two of Form 1086.
  - **b.** By: Authorized signer from the Registered Holder.
  - c. Title: Title of the authorized signer.
- 5. LENDER
  - a. Name: The selling institution. Same as that indicated on page one of Form 1086.
  - **b. By:** Authorized signer from the Lender.
  - **c. Title:** Title of the authorized signer.

CER	TIFICATION
I am signing, and that all representations made by I further acknowledge that false statements made	rity to execute this agreement for the party on whose behalf such party are true and correct to the best of my knowledge. de to the U.S. Small Business Administration can result in S.C. 645 and other provisions and imposition of civil money
In consideration of the mutual promises herein Agreement.	contained, the parties agree to all the provisions of this
IN WITNESS WHEREOF, the parties have executed December 2 20 <sup>22</sup> 3.	this multi-page Agreement this 09 1 day of
REGISTERED HOLDER: Example Securities	LENDER: Main Street Bank
4 By: Joe Purchaser	By: Janet Monet 5
Title: Vice President	Title: Controller
U.S. SMALL BUSINESS ADMINISTRATION By: Administrator	FISCAL AND TRANSFER AGENT By:
By: Administrator U.S. Small Business Administration	By:
	Address:
GUARANTEED INTEREST AND THE INTERE	TES TO THE UNPAID PRINCIPAL BALANCE OF THE EST DUE THEREON. ANY PREMIUM PAID BY THE INTEREST IS NOT COVERED BY SBA'S GUARANTEE AND YMENT OR DEFAULT.
information and prepare responses. You are not re displays a currently valid OMB approval number Business Administration, Director, Records Manag	
SBA FORM 1086 (12/20). Previous editions are ob:	solete. 22