



## Standard Pool Parameters

1. Minimum number of guaranteed loans in a pool is four (4).
2. Minimum aggregate principal balance of guaranteed portions outstanding at the time of pool certificate issuance is \$1,000,000.00.
3. Minimum face amount of any pool certificate is \$25,000.00.
4. Guaranteed portions in a pool must either be all fixed rates or all variable rates. When the guaranteed portions have a variable interest rate, they must have the same base rate and adjustment frequency (i.e., Prime base rate; monthly or quarterly adjusts).
5. Pool Maturity Date - please review for historical SBA amendments:
  - a. All pools issued prior to October 2005; the shortest loan maturity was 70% of the longest loan maturity.
  - b. For all pools formed from October 2005 through September 2017, the shortest loan maturity was 80% of the longest loan maturity.
  - c. For all pools formed from October 2017 through September 2018, the shortest loan maturity was 94% of the longest loan maturity.
  - d. For all pools formed from October 2018 through September 2019, the shortest loan maturity was 95% of the longest loan maturity.
  - e. For all pools formed from October 2019 through September 2020, the shortest loan maturity was 94% of the longest loan maturity.
  - f. For all pools formed from October 2020 through September 2021, the shortest loan maturity was 89% of the longest loan maturity.
  - g. For all pools formed from October 2021 through September 2022, the shortest loan maturity is 93% of the longest loan maturity.
  - h. Effective with October 2022 pools and thereafter, the shortest loan maturity is 92% of the longest loan maturity.
6. The largest underlying loan in the pool cannot comprise more than 25% of the pool (i.e., the principal amount).
7. The underlying loans must be interest current; this is the loan repayment category in which no payment is more than 29 days past due (e.g., pool issue month of 3/1, loan interest paid to must be at least 1/1).
8. The difference between the gross rates on the loans can be no more than 2%.
9. If one loan in a variable rate loan pool has an interest rate cap, the pool as a whole must have a cap, equal to the lowest loan cap.
10. If all the loans in a variable rate loan pool have an interest rate floor, the pool as a whole must have a floor, equal to the lowest loan floor.

11. If at least one of the loans in a variable rate loan pool does not have an interest rate floor, then the pool as a whole will not have a floor.
12. Pool certificates will reflect the appropriate cap and/or floor designation associated to a respective pool. Should a pool have a cap, and no floor, as determined by the above parameters, the certificate will reflect e.g., CAP: 13.0%, FLOOR: None.
13. The rate on a pool certificate (pool rate) must be equal to the lowest net rate (the rate of interest, net of fees), on an individual guaranteed portion in the pool.
14. If a loan's net rate is higher than the pool rate, the Pool Assembler can take an Originator Fee on the loan to adjust the net rate to the pool rate, but only if an Originator Fee is not currently being taken.
15. The maturity date on a pool is the 25th of the month following the loan with the longest maturity.
16. Pools are closed end. Loans may not be added to a pool once the pool has been issued and loans that prepay or default may not be replaced.
17. Fixed rate pools will be issued at any time during the month. Fixed rate pools will have an issue date of the 15th of the month.
18. Variable rate pools will be issued at any time during the month. Variable rate pools will have an issue date of the 1st of the month.
19. All guaranteed portions in the pool must be valued at par.

### **Weighted Average Coupon (WAC) Pool Parameters**

1. Minimum number of guaranteed loans in a pool is ten (10).
2. Minimum aggregate principal balance of guaranteed portions outstanding at the time of pool certificate issuance is \$1,000,000.00.
3. Minimum face amount of any WAC pool certificate is \$25,000.00.
4. All pool certificates must be in multiples of \$5,000 with the exception of one certificate per pool.
5. The maximum allowable difference between the highest note rate and the lowest note rate of loans in a WAC pool is 200 basis points.
6. SBA will permit a maximum differential of 75 basis points between the lowest net coupon rate and the highest net coupon rate for guaranteed portions in an individual WAC pool. This amount will give pool assemblers the flexibility needed to handle loans with slight differences in the net interest rate yet should prevent large swings in the value of the security due to the prepayment or default of one of the loans in the pool. Interest only strips are not allowed on the WAC pools.
7. Pool Maturity Date - please review for historical SBA amendments:
  - a. The shortest remaining term to maturity of any loan in a pool must be at least the published percent (i.e. 76 % for fiscal year 2009 through September 2017 new issue pools) of the longest remaining term to maturity of any loan in a pool.
  - b. For all pools formed from October 2017 through September 2018, the shortest loan maturity is 94% of the longest loan maturity. That percent is adjusted to maintain the program at a zero-subsidy rate and will be published annually. Term to maturity shall be measured in months from the pool issue date. Fractions produced as a result of multiplying the longest term by the applicable percentage shall be rounded up to the nearest whole month.
  - c. For all pools formed from October 2018 through September 2019, the shortest loan maturity was 95% of the longest loan maturity.

- d. For all pools formed from October 2019 through September 2020, the shortest loan maturity was 94% of the longest loan maturity.
  - e. For all pools formed from October 2020 through September 2021, the shortest loan maturity was 89% of the longest loan maturity.
  - f. For all pools formed from October 2021 through September 2022, the shortest loan maturity is 93% of the longest loan maturity.
  - g. Effective with October 2022 pools and thereafter, the shortest loan maturity is 92% of the longest loan maturity.
8. No individual guaranteed portion principal balance may constitute more than 10% of a pool.
  9. Guaranteed portions in a pool must either be all fixed rates or all variable rates. When the guaranteed portions have a variable interest rate, they must have the same base rate and adjustment frequency (i.e., Prime base rate; monthly or quarterly adjusts).
  10. Mixed rate loans (where the unguaranteed portion retained by the lender has a variable rate and the guaranteed portion placed in the pool has a fixed rate) must be included in a fixed rate pool.
  11. Pools are closed end. Loans may not be added to a pool once the pool has been issued and loans that prepay or default may not be replaced.
  12. Fixed rate pools will be issued at any time during the month. Fixed rate pools will have an issue date of the 15th of the month.
  13. Variable rate WAC pools will be issued at any time during the month. Variable rate WAC pools will have an issue date of the 1st of the month.
  14. All guaranteed portions in the pool must be valued at par.

Important Note - Along with meeting the above-described pool criteria, the special characteristics of loans in a pool must be similar. For example, all loans in a variable rate pool must have the same base rate and adjustment frequency. If one loan in the pool has an interest rate cap, the pool will have a cap equal to the lowest net cap rate

## **Pool Assemblers**

1. Pool Submission - A Pool Assembler utilizes the online application PSU ONLINE, to submit their pool.
  - a. Please note that PSU Online access is granted only after an individual and/or company has been screened and authorized by the SBA.
  - b. PSU Online will not allow successful pool submission if any loan does not meet the required pool parameters, as set forth by the pool assembler.
  - c. Applications for SBA pool assembly will be accepted from the 3rd business day until the 20th calendar day of the month. Should the 20th calendar day fall on a weekend or a holiday, the SBA pool applications will be accepted up to the prior business day. SBA pool applications received after this time will be considered for settlement in the following month.
2. Pool Approval - A pool will be approved within two full business days after Pool Submission.
  - a. Via email from the FTA, the Pool Assembler receives their unique SBA Pool Number and CUSIP Id.

- b. The Pool Assembler will then be advised of what documents are needed to complete pool settlement (e.g., Originator Confirmation notices, disclosure statements, SBA Form 1088, initial split instructions, and FTA Fees due). The physical individual loan certificates for each loan can then be delivered to the FTA.
3. A Pool Assembler will subsequently submit a preliminary (hardcopy) worksheet to the FTA with a SBA Form 1454, the Application for Pool of Guaranteed Interest Certificates. Upon receipt by the FTA, the worksheet and Form 1454 will be used to document and determine a future pool settlement date. These forms are usually sent to FTA after the Pool Approval stage.
4. The Pool Assembler's worksheet must include the following information:
  - a. SBA Loan Number on each underlying loan.
  - b. Maturity date on each loan.
  - c. Outstanding Balance on each loan.
  - d. Borrower's rate, net rate less FTA Fee, and Originator's Fee (if any), on each loan.
  - e. Pool Aggregate Balance.
5. The SBA Form 1454 (Application for Pool of Guaranteed Interest Certificates) must include:
  - a. Pool Assembler Name and Address.
  - b. Pool Assembler's Number, e.g., FY01-xxx.
  - c. Pool Assembler's Taxpayer Identification Number (T.I.N. #).
  - d. Interest Rate requested on Pool Certificates.
  - e. Current Weighted Average Coupon Applicable on Pool Certificates.
  - f. Pool Scheduled Maturity Date.
  - g. Pool Cap and/or Floor, if applicable.
  - h. Proposed Issue Date.
  - i. Proposed Settlement Date.
  - j. Two (2) SBA authorized signatories.
6. Pool Settlement - A pool will be settled within two full business days upon receipt of the Assembler's worksheet by the FTA, provided the pool is in proper order and all documents, certificates, and fees have been received by the FTA.
7. Pool Certificate Issuance – Pool Certificates will be issued within two business (2) days of Pool Settlement and delivered as per instructions by Pool Assemblers.
8. Any guaranteed portion that is to be certificated and placed in a pool within the same month must be certificated by the 12th business day of said month. Note – Pool applications should be submitted after all guaranteed portions for the pool have been certificated.

## **Interest Adjustments**

1. If interest on the underlying loan is paid past the issue date of the pool, the Pool Assembler is claimed for the appropriate number of days interest, (e.g., a 7/1 Issue date with a loan interest paid to date of 7/10, results in a claim of 7/1 to 7/10 at the respective pool rate).
2. If interest on the underlying loan is paid prior to the issue date of the pool, the Assembler will be advanced the appropriate number of days interest, (e.g., a 7/1 issue date with a loan interest paid to date of 6/18, results in a payment to the Assembler of 6/18 to 7/1 at the respective pool rate).
3. Interest adjustment processing is completed within three weeks from the settlement date of the pool.

4. For WAC POOLS: All the above rules apply except unlike Standard pools where the applicable Pool Rate is used, in WAC pools the applicable individual loan interest rate is used to calculate interest owed/due to the holder.

## **Pool Payment Dates**

1. SBA pools pay principal and interest on the 25th of each month, with the exception of first payments on pools formed prior to 10/01/04. Those first payments consisted of interest only. For pools formed on 10/01/04 and thereafter, SBA pools pay principal and interest on the 25th of each month. Variable rate pool payments have an 85-day delay (e.g., interest from 06/01/18 to 07/01/18 is payable 8/25/18), Fixed Rate pool payments have a 70-day delay (e.g., interest from 06/15/18 to 07/15/18 is payable 8/25/18).
2. Record date for SBA guaranteed loan pool certificates is the last business day of the month. The registered holder on the books of the FTA at record date is entitled to that month's principal and interest payment. For example, all holders of record on 06/30/18 will receive the scheduled payment for 08/25/18. Certificate transfers received from 07/01/18 to 07/31/18 will be entitled to the 09/25/18 payable, etc. To calculate the scheduled principal and interest payment due for a particular month, please refer to the following example: Scheduled principal and interest for 7/25/18 payable; (interest period of 5/01/18 to 6/01/18).
  - a. Multiply the May 2018 factor for the pool times the original face amount of the individual position, this equals the ending balance for the 6/25/18 payable, which is also the opening balance for the 7/25/18 payable.
  - b. Multiply the June 2018 factor for the pool times the original face amount of the individual position, this equals the ending balance for the 7/25/18 payable.
  - c. Subtract the balance calculated in "b" above (7/25/18), from the balance calculated in "a" above (6/25/18). The difference is the scheduled principal for the 7/25/18 payable.
  - d. The interest payment for this example is a function of the pool's appropriate percentage rate at 5/01/18, multiplied by the balance calculated in "a" above (6/25/18), then divided by 360 days, and finally multiplied by 30 days. (The appropriate pool rate for 5/01/18 is found on the May 2018 factor report).

## **Pooling Fees**

1. The FTA pool formation fee is \$30.00 per loan.
2. The transfer fee is \$20.00 per loan for each certificate delivered, which is not in the Pool Assembler's name.
3. Pool Split Fees are \$20.00 per each pool certificate issued after the Pool Assembler's Master Pool Certificate has been issued.
4. An 1/8% servicing fee is taken from each individual loan that does not already have a fee taken.
5. Any new Originator's Fee entered into the 7(a) secondary market on or after July 1, 1989, will be assessed a processing charge of two (2) basis points per annum. This charge will be collected monthly from the Borrower's payment and is payable to the FTA.
6. Where applicable, the additional charge of two (2) basis points will be added to the FTA servicing fee of 1/8%.

## Pool Certificates

1. Minimum face amount of any pool certificate: \$25,000.00.
2. All certificates must be multiples of \$5,000.00, except for one certificate per pool (tail piece).

## Weighted Average Maturity (WAM)

The FTA calculates the Weighted Average Maturity (WAM) in months for all active pool issues published on the Monthly Factor Pages report within the FTA Portal of the Capital Access Financial System (CAFS).

The WAM Months are based on the aggregate calculations of each pool's associated underlying pooled loans:

1. Determine the underlying pool balance by finding the sum of the remaining guaranteed portion balances for each active pooled loan in the SBA pool.
2. For each active pooled loan in the SBA pool, determine the remaining number of months between the pooled loan's registered holder maturity month (maturity date [MM/YYYY] + 1 Month) and the month prior to current month or latest new pool issue month (current date [MM/YYYY] - 1 Month)

*Example:*

*Pooled Loan Maturity Date: 4/18/2037*

*Registered Holder Maturity Month: 05/2037*

*Current Month: 09/2022*

*Latest New Pool Issue Month: 08/2022*

*Remaining Number of Months: 177 (05/2037 - 08/2022)*

3. For each active pooled loan in the SBA pool, multiply the remaining number of months (Step 2) by the respective pooled loan's remaining guaranteed portion balance. Sum the products for each active pooled loan in the SBA pool.
4. Divide the sum of the products from Step 3 by the underlying pool balance determined in Step 1. The quotient rounded to the nearest whole number is the pool's WAM in months.
5. Calculated WAM values  $\leq 0$  will be defaulted to one (1) month (e.g., remaining underlying loan[s] past maturity).

Should additional questions exist regarding SBA pools, please contact a customer service representative at [FTA@SBA.GOV](mailto:FTA@SBA.GOV)