

## SUBSTITUTION OF GUARANTOR

In order for the U.S. Small Business Administration (SBA) to consider your request for a Substitution of Guarantor, **please provide the following required information as itemized below.**

### ATTENTION:

This requirement letter is not a commitment by the SBA. Any commitment made by the SBA will be provided separately in writing.

Servicing actions cannot be approved without proof of continuing insurance coverage showing SBA as mortgagee as stated below.

All loans must reflect current status before the SBA will process a servicing action. Any incomplete packages are subject to delays and/or may be returned unprocessed. Additional documentation may be required for thorough analysis.

Please be advised that possible “**Monetary Consideration**” in lieu of Release of Collateral, may be required as a pay down against the SBA loan balance.

**Note:** If SBA is in the process of foreclosing on the real estate used to secure your SBA loan, you must contact the SBA employee in the SBA’s National Disaster Loan Resolution Center (NDLRC) named in your foreclosure letter to discuss this matter. As to non-bankrupt borrowers/guarantors in foreclosure, collection efforts currently in process will continue until SBA’s NDLRC receives the required documentation and approves your request for assistance in writing. There will be no refunds of any offset(s) by the U.S. Department of Treasury during this period.

### From current Business/Guarantor:

1. Completed Financial Statement of Debtor ([SBA Form 770](#)) signed and dated on all Borrower(s) and Guarantor(s) (if any).
2. A detailed letter from SBA Borrower(s) and Guarantor(s) signed and dated explaining the reasons for the Release or Substitution of Guarantor.
3. Copies of the most current Federal Income Tax Return Personal & Business (All schedules) (two years).
4. Interim financial statements – balance sheet and profit & loss statement **current within 90 days.**
5. Written consent of all guarantors (concurrence signature(s) on detailed request letter is acceptable). Remaining Obligor/Guarantor must state and acknowledge that (he/she/they) will continue to pay on the SBA loan balance.
6. Borrower’s Consent to Verify Information and 3<sup>rd</sup> Party Authorization ([Birmingham Form](#), [El Paso Form](#), [Santa Ana Form](#)) signed by all SBA borrower(s) and guarantor(s) (if any).

### *If the request includes Real Estate and/or Business Assets in transaction; please include items 7-12 below:*

7. Provide a copy of the quitclaim deed on the party who will be released from the obligation.
8. Valuation of collateral: A copy of a recent appraisal (no older than 6 months if loan is in regular servicing; no older than 12 months if loan is in liquidation) prepared by a real estate appraiser with an active real estate appraiser’s license. If an appraisal is not available, you may provide alternative forms of valuation, such as comparable sales, market analysis or a property tax assessment (if the property has been reassessed within the last 12 months). The required valuation is for property to be RELEASED and to be SUBSTITUTED.
9. Current Title Report/Ownership Encumbrance Report/UCC Lien Searches of the collateral and/or business assets held as security on loan for property to be RELEASED and to be SUBSTITUTED dated within 6 months.
10. The verified balance(s) of **any and all Prior Liens** superior to SBA’s position (please include payoff statement from lien holders); from the properties to be RELEASED and to be SUBSTITUTED as collateral.
11. Submission of insurance policy’s declaration page(s) as proof of Hazard Insurance and/or Flood Insurance on property to remain as collateral, showing SBA as Mortgagee. MORTGAGEE CLAUSE is: United States Small Business Administration, an Agency of the government of the United States of America, (Select and enter name and address of applicable center per below) **on property to REMAIN as collateral.**

- a. Birmingham DLSC – 801 Tom Martin Drive, Suite #120, Birmingham, AL 35211
- b. El Paso DLSC - 10737 Gateway West, Suite #300, El Paso, TX 79935
- c. Santa Ana NDLRC - 200 W Santa Ana Blvd, Suite #180, Santa Ana, CA 92701

12. Written verification that the NEW property offered as collateral-is not within a Special Flood Hazard Area (SFHA) (i.e. appraisal, insurance company provided confirmation and map). If property is within a Special Flood Hazard Area, you will be mandated to provide Flood Insurance naming SBA as Mortgagee, with coverage amount equal to the insurable value of the property, or the maximum coverage available, whichever is less. ***On property to be SUBSTITUTED as collateral.***

**From Proposed Guarantor(s) (if applicable):**

1. Copies of the latest Federal Income Tax return (two years);
2. Statements of Personal History ([SBA Form 912](#)): Individuals and/or Corporate Officers;
3. Personal financial statement of borrowers, guarantors and major stockholders ([SBA Form 413](#));
4. Copy of Buy/Sell Agreement; buyout agreement (if applicable).

**Packages can be electronically uploaded or sent via regular mail:**

(1) Electronic upload:

- a. [Upload to Birmingham DLSC](#)
- b. [Upload to El Paso DLSC](#)
- c. [Upload to Santa Ana NDLRC](#)

(2) Regular mail: Mail to the appropriate center:

- a. US SBA, Birmingham DLSC – 801 Tom Martin Drive, Suite #120, Birmingham, AL 35211
- b. US SBA, El Paso DLSC - 10737 Gateway West, Suite #300, El Paso, TX 79935
- c. US SBA, Santa Ana NDLRC - 200 W Santa Ana Blvd, Suite #180, Santa Ana, CA 92701