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§ 120.1010 SBA access to SBA Lender, Intermediary, and NTAP files.

An SBA Lender, Intermediary, and NTAP must allow SBA’s authorized representatives, including representatives authorized by the SBA Inspector General, during normal business hours, access to its files to review, inspect, and copy all records and documents, relating to SBA guaranteed loans or as requested for SBA oversight.

§ 120.1015 Risk Rating System.

(a) Risk Rating. SBA may assign a Risk Rating to all SBA Lenders, Intermediaries, and NTAPs on a periodic basis. Risk Ratings are based on certain risk-related portfolio performance factors as set forth in notices or SBA’s SOPs and as published from time to time.

(b) Rating categories. Risk Ratings fall into one of two broad categories: Acceptable Risk Ratings or Less Than Acceptable Risk Ratings.

§ 120.1025 Off-site reviews and monitoring.

SBA may conduct off-site reviews and monitoring of SBA Lenders, Intermediaries, and NTAPs, including SBA Lenders’, Intermediaries’ or NTAPs’ self-assessments.

§ 120.1050 On-site reviews and examinations.

(a) On-site reviews. SBA may conduct on-site reviews of the SBA loan operations of SBA Lenders. The on-site review may include, but is not limited to, an evaluation of the following:

(1) Portfolio performance;
(2) SBA operations management;
(3) Credit administration; and
(4) Compliance with Loan Program Requirements.

(b) On-site examinations. SBA may conduct safety and soundness examinations of Other Regulated SBLCs under §§120.1510 and 1511. The on-site safety and soundness examination may include, but is not limited to, an evaluation of:

(1) Capital adequacy;
(2) Asset quality (including credit administration and allowance for loan losses);
(3) Management quality (including internal controls, loan portfolio management, and asset/liability management);
(4) Earnings;
(5) Liquidity; and
(6) Compliance with Loan Program Requirements.

(c) On-site reviews/examinations of Intermediaries and NTAPs. SBA may perform on-site reviews or examinations of Intermediaries and NTAPs.

(d) Other on-site reviews or examinations. SBA may perform other on-site reviews/examinations as needed as determined by SBA in its discretion.

§ 120.1051 Frequency of on-site reviews and examinations.

SBA may conduct on-site reviews and examinations of SBA Lenders, Intermediaries, and NTAPs on a periodic basis. SBA may consider, but is not limited to, the following factors in determining frequency:

(a) Off-site review/monitoring results, including an SBA Lender’s, Intermediary’s or NTAP’s Risk Rating;
(b) SBA loan portfolio size;
(c) Previous review or examination findings;
(d) Responsiveness in correcting deficiencies noted in prior reviews or examinations; and
(e) Such other risk-related information as SBA, in its discretion, determines to be appropriate.

§ 120.1055 Review and examination results.

(a) Written Reports. SBA will provide an SBA Lender, Intermediary, and NTAP a copy of SBA’s written report prepared as a result of the SBA Lender review or examination (“Report”). The
§ 120.1060 Confidentiality of Reports, Risk Ratings and related Confidential Information.

(a) In general. Reports and other SBA prepared review or examination related documents are the property of SBA and are loaned to an SBA Lender, Intermediary, or NTAP for its confidential use only. The Reports, Risk Ratings, and related Confidential Information are privileged and confidential as more fully explained in paragraph (b) of this section. The Report, Risk Rating, and Confidential Information must not be relied upon for any purpose other than SBA’s Lender oversight and SBA’s portfolio management purposes. An SBA Lender, Intermediary, and NTAP must restrict access to their Report, Risk Rating, and Confidential Information for confidential use within its own immediate corporate organization. SBA Lenders, Intermediaries, and NTAPs must restrict access to their Report, timely such plan to SBA; or fails to submit a plan acceptable to SBA within SBA’s discretion, then SBA may take enforcement action under §120.1500 through §120.1540. If an SBA Lender, Intermediary, or NTAP fails to implement in any material respect a corrective action or capital restoration plan within the required timeframe, then SBA may undertake enforcement action under §120.1500 through §120.1540.

[b7 FR 75519, Dec. 11, 2008]

§ 120.1060 Confidentiality of Reports, Risk Ratings and related Confidential Information.

(b) Disclosure prohibition. Each SBA Lender, Intermediary, and NTAP is prohibited from disclosing its Report, Risk Rating, and Confidential Information, in full or in part, in any manner, without SBA’s prior written permission. An SBA Lender, Intermediary, and NTAP may use the Report, Risk Rating, and Confidential Information for confidential use within its own immediate corporate organization. SBA Lenders, Intermediaries, and NTAPs must not make any representations concerning the Report (including its findings, conclusions, and recommendations), the Risk Rating, or the Confidential Information. For purposes of this regulation, Report means the review or examination report and related documents. For purposes of this regulation, Confidential Information is defined in the SBA Lender information portal and by notice issued from time to time. Access to the Lender information portal may be obtained by contacting the OCRM.