



The U.S. Small Business Administration's:

Lender Portal (Portal)

& Lender Risk Rating (LRR)

**& Small Business Portfolio Solution (SBPS)
Loan Credit Scoring**

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(OCRM – Office of Credit Risk Management)

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I -- Loan and Lender Monitoring System (L/LMS)

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Purpose

- Improve SBA data and portfolio analysis.
- Increase SBA's ability to look at the 7(a) and 504 portfolios and trends.
- Identify riskiest lenders so that SBA can focus the bulk of its oversight efforts on these lenders.
- Improve lender oversight and credit risk management.

Goals

- Use commercially available, off-the-shelf products.
- Use forward-looking, or leading indicator modeling.
- Periodically risk rate lenders.
- No additional reporting burden on lenders or borrowers.

L/LMS Data Includes

- Monthly updates of SBA performance data on all loans.
- Quarterly SBPS credit scores over 350,000 outstanding loans.
- Quarterly Lender Risk Rating for almost 5,000 active lenders.

L/LMS is Used For

- Monitoring portfolio, portfolio segments, and lender risk.
- Helping to prioritize on-site reviews, and review frequency.
- Informing on-site reviews and lender delegated authority application review.

L/LMS Features

- Statistical datasets.
- On-line systems for data analysis.
- Produces multiple reports on the portfolios and lenders.
- Lender Portal to share information with lenders and Districts.

L/LMS History

- L/LMS contracted out for development 04-02-2003.
- Lender Risk Ratings developed in 2004.
- Lender Portal operational in 2006.
- L/LMS contract re-bid as of 10-01-2008.

L/LMS Contractors

- Dun & Bradstreet (D&B) is the primary contractor.
- Fair Isaac, Inc., (FICO) provides SBPS loan credit scores.
- TrueNorth provides modeling and analysis.
- Axiom provides data warehousing and management.
- SAS provides statistical software solutions and services.





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II - SBPS

II - Small Business Portfolio Solution (SBPS) Loan Credit Scores

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II – SBPS – Credit Scores

What are Credit Scores (General Information)?

- Credit scores are statistical predictions of future performance, and provide consistent, accurate, quick decisions on large volumes of data.
- Scores are designed to “**rank order**” loans – probability of an event happening changes consistently as scores increase or decrease.

How does L/LMS use Credit Scores?

- SBA uses credit scoring in L/LMS to predict the likelihood that a loan will be purchased in two ways:
 1. Small Business Portfolio Solution (SBPS)
Off-The-Shelf Product -- Predicts purchase at the **LOAN** level
 2. Lender Risk Rating (LRR):
Custom Product -- Predicts purchase at the **LENDER** level



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II – SBPS – How does SBA Use

How Does SBA use Credit Scores?

- The SBA Office of Credit Risk Management (OCRM) **ONLY** uses credit scoring in **COMBINATION WITH** performance metrics. SBA **NEVER** uses credit scores on their own. (Credit scores are a powerful tool, but they are only a tool; and must be used as part of a larger process.)
- SBA's OCRM uses credit scores as part of a risk-based management approach:
 - Aggregate SBPS data allows SBA to uniformly measure lenders.
 - SBPS enables SBA to focus in on the riskiest portfolio segments and lenders.
 - From this SBA will do more analysis and engage the lenders.
 - First, SBA wants the lenders to be aware of and manage their risk.
 - Second, it focuses SBA on the riskier lenders we want to start discussions with on managing their risk to an acceptable level.

Do lenders use credit scoring?

- Yes, many lenders use credit scoring for loan originations:
 - For smaller loans using SBSS or similar product.
 - For larger loans (just not exclusively) in combination with other factors.
- Many lenders also use credit scoring for portfolio management (after a loan is disbursed and in combination with performance metrics):
 - This is exactly how SBA uses SBPS credit scores for lender oversight – ONLY after a loan has been disbursed and ONLY in combination with actual performance metrics.
- Of the 60 7(a) lenders that each currently hold over \$100 million SBA share or guaranteed dollars outstanding, at least half currently use D&B – Fair Isaac credit scoring products; and of these, most use the same SBPS product SBA uses in a similar manner as SBA.



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II – SBPS -- What Is and How Developed

What is SBPS?

- The SBPS predicts the likelihood of loans going into default. SBPS uses statistical probabilities to classify small businesses into a score range, where the lowest score (varies from 1 to 300) has the highest likelihood of severe delinquency. SBPS loans have been repeatedly **“validated”** to the event of SBA purchasing a loan.
- SBPS uses Consumer Credit Bureau and Business Credit Bureau data. The Consumer data is similar data (but modeled differently) to what is used for consumer credit scores. The Business data is similar to consumer data, but on a business; and is **“third party”** (vendors, utilities, insurance companies) reported credit history data, similar to Consumer Credit Bureau data.

How is SBPS developed and verified?

- SBPS credit score was developed by Fair Isaac using D&B commercial and a combination of the three nationwide consumer credit bureaus data.
- The SBA annually validates the SBPS (by scoring all outstanding 7(a) and 504 loans and comparing to their actual performance over the next 12 months) to predict the likelihood of a loan being purchased during the next 12 months. **SBA has done this once a year since 2003, using ALL 7(a) and 504 outstanding loans.**
- SBPS (like any credit score) cannot predict with certainty if any individual loan will go bad. However, it can make accurate predictions on the probability of loans with the same score going bad. This probability provides SBA with a powerful tool to help stratify our loans and groups of loans into different risk buckets (i.e. low, medium, and high risk).

What are the component factors of SBPS?

Third Party Consumer Credit Bureau Components from TransUnion:

- Fair, Isaac consumer credit bureau score (based upon third party data)
- Net Fraction revolving burden (revolving debt burden)
- Number of inquiries last 6 months (excluding the last 7 days)
- Number of satisfactory trade lines
- Number of trade lines 30 days or worse delinquent and/or a derogatory public record
- Months since most recent delinquency

Third Party Business Credit Bureau Components from D&B:

- Time as current owner
- Current Paydex score (D&B business credit bureau score based upon third party data)
- Current Paydex minus industry norm
- Number of experiences in the Paydex calculation
- Percent Satisfactory payment experiences
- Derogatory rating
- Percent slow/negative payment experiences

(Note that ***'third party'*** means that **ALL** data used is independently reported to the credit bureaus by lending institutions, utilities, insurance companies, etc.)



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II – SBPS – Rank Orders 7(a) Performance

- How do you know that the SBPS credit scores work for 7(a) loans?
 - Current SBPS score bands rank order current key performance metrics:

SBPS	SBA Active (\$)	Active (#)	Delinq. (%)	Liquid. (%)	Lst 12 Pch (%)
200+	\$3,217,688,666	22,249	0.47%	0.68%	0.14%
190-199	\$6,081,242,348	47,036	0.55%	1.45%	0.27%
180-189	\$6,177,005,273	57,599	0.84%	1.76%	0.55%
170-179	\$4,529,186,039	45,567	1.33%	3.39%	0.75%
160-169	\$3,531,819,881	37,595	1.86%	4.64%	1.63%
150-159	\$2,446,081,064	27,193	2.99%	8.02%	2.60%
140-149	\$1,683,667,514	19,732	4.46%	12.10%	5.38%
130-139	\$1,210,777,861	14,853	6.67%	16.55%	6.17%
120-129	\$920,835,185	11,638	8.56%	21.30%	7.50%
110-119	\$744,778,320	9,973	9.90%	22.77%	8.98%
100-109	\$570,795,605	8,025	12.14%	29.13%	9.47%
000-099	\$663,533,186	9,669	14.35%	36.61%	15.44%

NOTE: -- All data is **as of 12-31-2008**. (SBA Active Balance \$ is the SBA share or guaranteed dollars outstanding, which excludes purchases and charge offs.)
 -- Loans not matched or matched but with insufficient data to score are not included.



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II – SBPS – Rank Orders 504 Performance

- How do you know that the SBPS credit scores work for 504 loans?
 - Current SBPS score bands rank order current key performance metrics.

SBPS	SBA Active (\$)	Active (#)	Delinq. (%)	Liquid. (%)	Lst 12 Pch (%)
200+	\$4,032,935,955	10,120	0.23%	0.19%	0.10%
190-199	\$5,326,912,755	12,755	0.67%	0.56%	0.31%
180-189	\$4,584,812,347	10,753	1.10%	0.77%	0.44%
170-179	\$2,785,490,241	6,324	2.00%	1.67%	0.94%
160-169	\$1,785,008,758	4,006	3.76%	3.57%	1.81%
150-159	\$1,107,647,200	2,537	7.98%	5.66%	2.98%
140-149	\$657,556,008	1,518	10.86%	9.71%	4.87%
130-139	\$401,079,524	972	15.79%	18.01%	11.24%
120-129	\$265,424,275	638	18.27%	18.18%	10.02%
110-119	\$201,639,735	504	25.89%	23.45%	13.40%
100-109	\$128,702,862	367	29.89%	43.90%	25.72%
000-099	\$122,888,805	326	33.97%	83.88%	35.86%

NOTE: -- All data is **as of 12-31-2008**. (SBA Active Balance \$ is the SBA share or guaranteed dollars outstanding, which excludes purchases and charge offs.)
 -- Loans not matched or matched but with insufficient data to score are not included.



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II – SBPS – 7(a) Correlation 1 Year Later

- Comparing the correlation between SBPS loan credit scores, and the actual rank ordered performance results one year after that SBPS

SBPS as of 12-31-2007	Outstanding and Scored # of Loans as of 12-31-2007	# of Purchased Loans 12-31-2007 through 12-31-2008	# of Problem Loans as of 12-31-2008	% Purchased	% Problem Loans
210-219	151	1	5	0.66%	3.31%
200-209	21,877	158	599	0.72%	2.74%
190-199	46,203	648	1,872	1.40%	4.05%
180-189	59,220	1,420	3,572	2.40%	6.03%
170-179	46,396	1,568	3,649	3.38%	7.86%
160-169	38,262	1,948	4,107	5.09%	10.73%
150-159	26,915	2,050	3,808	7.62%	14.15%
140-149	19,175	1,997	3,340	10.41%	17.42%
130-139	13,990	1,986	2,951	14.20%	21.09%
120-129	10,372	2,039	2,590	19.66%	24.97%
110-119	8,577	2,117	2,409	24.68%	28.09%
100-109	6,761	1,934	1,970	28.61%	29.14%
000-099	7,665	2,848	2,359	37.16%	30.78%
999	6,418	561	825	8.74%	12.85%
Total	311,982	21,275	34,056	6.82%	10.92%

- NOTE:**
- Only Outstanding loans as of 12-31-2007 are used.
 - All loans as of 12-31-2007 receive an SBPS credit score -- '999' means not able to score.
 - Purchased (by SBA) and Problem Loan rates as of one year later, or as of 12-31-2008.
 - Problem Loans = 90 days Past Due or in Liquidation (excludes all Purchased Loans).



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II – SBPS – 504 Correlation 1 Year Later

- Comparing the correlation between SBPS loan credit scores, and the actual rank ordered performance results one year after that SBPS.

SBPS as of 12-31-2007	Outstanding and Scored # of Loans as of 12-31-2007	# of Purchased Loans 12-31-2007 through 12-31-2008	# of Problem Loans as of 12-31-2008	% Purchased	% Problem Loans
210-219	94	0	0	0.00%	0.00%
200-209	9,378	21	73	0.22%	0.78%
190-199	12,133	59	245	0.49%	2.02%
180-189	10,113	69	349	0.68%	3.45%
170-179	5,877	63	355	1.07%	6.04%
160-169	3,772	98	418	2.60%	11.08%
150-159	2,066	93	340	4.50%	16.46%
140-149	1,275	71	285	5.57%	22.35%
130-139	794	72	214	9.07%	26.95%
120-129	530	71	203	13.40%	38.30%
110-119	371	59	164	15.90%	44.20%
100-109	281	54	131	19.22%	46.62%
000-099	205	56	126	27.32%	61.46%
999	471	12	43	2.55%	9.13%
Total	47,360	798	2,946	1.68%	6.22%

NOTE:

- Only Outstanding loans as of 12-31-2007 are used.
- All loans as of 12-31-2007 receive an SBPS credit score -- '999' means not able to score.
- Purchased (by SBA) and Problem Loan rates as of one year later, or as of 12-31-2008.
- Problem Loans = 90 days Past Due or in Liquidation (excludes all Purchased Loans).



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II – SBPS – Credit Scoring Larger 7(a) Loans

- Do SBPS credit scores work for larger 7(a) loans?
 - Yes, the SBPS credit scores rank order larger loans in the SBA portfolio. Compare SBPS loan credit scores to actual performance one year later; split out by loans under \$300,000, and loans over \$300,000.

SBPS Scores	# of Loans Scored	# of Loans Purchased	Account Purchase Rate
Loans Under \$300,000			
Low Risk (180+)	108,021	1,969	1.82%
Med Risk (140-179)	117,175	7,005	5.98%
High Risk (000-139)	43,627	10,394	23.82%
Loans Over \$300,000			
Low Risk (180+)	19,430	258	1.33%
Med Risk (140-179)	13,573	558	4.11%
High Risk (000-139)	3,738	530	14.18%

NOTE: -- SBPS scores as of 12-31-2007 and performance through 12-31-08.
 -- Loans not matched and not scored are not included.



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II – SBPS – Credit Scoring Larger 504 Loans

- Do SBPS credit scores work for larger 504 loans?
 - Yes, the SBPS credit scores rank order larger loans in the SBA portfolio. Compare SBPS loan credit scores to actual performance one year later; split out by loans under \$300,000, and loans over \$300,000.

SBPS Scores	# of Loans Scored	# of Loans Purchased	Account Purchase Rate
Loans Under \$300,000			
Low Risk (170+)	18,710	104	0.56%
Med Risk (130-169)	4,264	196	4.60%
High Risk (000-129)	772	118	15.28%
Loans Over \$300,000			
Low Risk (170+)	17,185	116	0.68%
Med Risk (130-169)	3,510	154	4.39%
High Risk (000-129)	491	84	17.11%

NOTE: -- SBPS scores as of 12-31-2007 and performance through 12-31-08.
 -- Loans not matched and not scored are not included.

I -- Lender Risk Ratings (LRR)

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What are Lender Risk Ratings?

- Lender Risk Ratings use both external data from SBPS and internal SBA loan performance data to predict the likelihood of purchases a lender will have over the next twelve months. (LRR accounts for both the credit risk and the lender's performance which can vary.)
- Lenders (or CDCs) are scored and then scaled/rated from a 1 (Least Risk) to a 5 (Highest Risk) within their Peer Group.

How are Lender Risk Ratings different from SBPS credit scores?

- The SBPS score is an off-the-shelf product that was developed on a pooled industry dataset and models risk at the **LOAN** level using Consumer and Business Credit Bureau data.
- Lender Risk Ratings use SBPS credit score and SBA lender performance data in a customized risk model at the **LENDER** level.

How Does SBA use Lender Risk Ratings?

- LRRs help SBA to compare lenders uniformly, and anticipate future risks. The LRR allows SBA to focus its resources on the riskiest of the almost 5,000 active 7(a) and 504 lenders.
- LRRs allow SBA to bucket risks (i.e. high, med, low); SBA will then do more analysis and engage these riskiest lenders.
- The goal is to make sure lenders are aware of and manage their risk proactively, and maintain an acceptable level of risk; and for the highest risk lenders to reduce their overall risk level over the long run. By improving the performance of its riskiest lenders, SBA can improve its credit programs.
- LRRs are a starting point, not an ending point; SBA does not take action based solely upon the LRRs.

III – LRR – 7(a) Lender Risk Ratings

How often does SBA update the 7(a) Lender Risk Ratings?

- The LRR is updated quarterly and is contained in L/LMS.

7(a) Peer Group	Order of Factor Importance
\$100MM +	Last 12-Month Purchase Rate, 3-Month SBPS Change, Problem Loan Rate, Projected Purchase Rate
\$10MM - \$99MM	Last 12-Month Purchase Rate, Projected Purchase Rate, 3-Month SBPS Change, Problem Loan Rate
\$4MM - \$9MM	Projected Purchase Rate, 3-Month SBPS Change, Last 12-Month Purchase Rate, Problem Loan Rate
\$1MM - \$3MM	Project Purchase Rate, Last 12-Month Purchase Rate, Problem Loan Rate, 3-Month SBPS Change
Active < \$1MM	Projected Purchase Rate, Last 12-Month Purchase Rate, 3-Month SBPS Change, Problem Loan Rate
Inactive < \$1MM	Projected Purchase Rate, Problem Loan Rate, 3-Month SBPS Change, Last 12-Month Purchase Rate

What is the Formula used to determine the 7(a) Risk Ratings?

- The 7(a) LRR = (y axis intercept) + (weight)*(Projected Purchase Rate) + (weight)*(3-Month Change in the SBPS) + (weight)*(Last 12-Month Purchase Rate) + (weight)*(Problem Loan Rate)
- The actual weightings are proprietary and vary by 7(a) Peer Group. (Peer Groups are determined by the outstanding SBA share, or SBA guaranteed portion dollars.)

III – LRR – 504 Lender Risk Ratings

How often does SBA update the 504 Lender Risk Ratings?

- The LRR is updated quarterly and is contained in L/LMS.

504 Peer Group	Order of Factor Importance
\$100MM +	Average SBPS, Last 12-Month Purchase Rate, Problem Loan Rate
\$30 - 99MM	Average SBPS, Last 12-Month Purchase Rate, Problem Loan Rate
\$10 - 29MM	Average SBPS, Last 12-Month Purchase Rate, Problem Loan Rate
\$5 - 10MM	Average SBPS, Last 12-Month Purchase Rate, Problem Loan Rate
<\$5MM	Average SBPS, Last 12-Month Purchase Rate, Problem Loan Rate

What is the Formula used to determine the 504 Risk Ratings?

- **The 504 Lender Risk Rating** = (y axis intercept) + (weighting)*(Average SBPS) + (weighting)* + (weighting)*(Last 12-Month Purchase Rate) + (weighting)*(Problem Loan Rate).
- The actual weightings are proprietary and are the same for all 504 Peer Groups. For the 504 portfolio, there are not enough Certified Development Companies (CDCs) for there to be weighting variations by Peer Group.



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III – LRR – Rank Orders 7(a) Lender Performance

- How do you know that your LRR 1-5 Score is effective and accurate?
 - Comparing the correlation between Lender Risk Ratings and performance results. (LRR rank orders performance ratios.)

SBA Risk Rating 12/2008	SBA Balance (\$)	Last 12 Month Purchase Rate	Cumulative Net Cash Yield
1	\$2,265,484,437	1.17%	-1.00%
2	\$10,270,533,939	1.70%	-0.79%
3	\$9,269,559,768	3.05%	-1.79%
4	\$7,551,125,613	6.30%	-2.72%
5	\$3,367,742,432	9.72%	-4.88%

Last 12-Month Purchase Rate – dollar amount of purchases in the past 12 months divided by outstanding dollars.

Cumulative Net Cash Yield – cumulative dollars received via fees and recoveries and the cumulative dollars spent via purchases, divided by SBA share or guaranteed dollars disbursed – a ‘true losses’ figure for SBA.

NOTE: Rating Data is as of 12-31-2008. (SBA Active Balance \$ is the SBA share or guaranteed dollars outstanding, which excludes purchases and charge offs.)

- How do you know that your LRR 1-5 Score is effective and accurate?
 - Comparing the correlation between Lender Risk Ratings and performance results. (LRR rank orders performance ratios.)

SBA Risk Rating 12/2008	SBA Balance (\$)	Last 12 Month Purchase Rate	Cumulative Net Cash Yield
1	\$11,135,362,994	1.03%	0.89%
2	\$2,682,713,386	1.70%	-1.21%
3	\$6,855,969,594	2.20%	-0.82%
4	\$861,723,992	5.40%	-4.05%
5	\$145,365,836	11.48%	-9.67%

Last 12-Month Purchase Rate – dollar amount of purchases in the past 12 months divided by outstanding dollars.

Cumulative Net Cash Yield – cumulative dollars received via fees and recoveries and the cumulative dollars spent via purchases, divided by SBA share or guaranteed dollars disbursed – a ‘true losses’ figure for SBA.

NOTE: Rating Data is as of 12-31-2008. (SBA Active Balance \$ is the SBA share or guaranteed dollars outstanding, which excludes purchases and charge offs.)



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III – LRR – Projected Purchase Rate

Is the Projected Purchase Rate (PPR) accurate?

- Yes, the PPR (Projected Purchase Rate) for a **LOAN** is the observed purchase rate for every SBPS (between 1 to 300), using all loans with the same score (and of the same Delivery Method) from the annual validations. This has been done every year for five years. [Therefore, the actual purchase rate for a Delivery Method for a particular SBPS in year one is the PPR for year two, etc.] Though actual probabilities will vary some over the years (as is normal as the economic climate changes); the calculated PPR still rank orders year after year, meaning the PPR remains predictive year after year.
- The PPR (Projected Purchase Rate) for a **LENDER** is the dollar weighted average PPR for all of the outstanding loans in the lender's portfolio.
- The PPR and the actual Last 12-Month Purchase Rate of the portfolio are not comparable because the 12-Month actual Purchase Rate denominator includes loans booked during the last 12 months, while the PPR does not include these loans. [The loans booked in the last 12 months were not yet disbursed to be scored and be a part of the PPR.] This missing year of approvals – a large dollar amount difference in ratio denominators -- is always a factor that does not allow for a direct comparison of the prior year's PPR to this year's Purchase Rate.)



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III – LRR – Verification

Have L/LMS, SBPS Scores, and Lender Risk Rating been verified?

Loan and Lender Monitoring System (L/LMS)

- GAO (Government Accountability Office) completed two Audits on L/LMS (and SBPS and LRR on the second audit) which included reviewing SBPS validations, and concluded that L/LMS “...appears to be on par with best practices...”, and that L/LMS was “...successful in distinguishing between higher and lower risk lenders.”
- SBA’s OIG (Office of Inspector General) completed an Audit on L/LMS (and has further reviewed L/LMS, SBPS, and the LRR) which focused on the Lender Risk Rating modeling and validations, and concluded that “L/LMS rating system is also both on par with industry best practices and based on sound financial models.”

SBPS Loan Credit Scores

- Fair Isaac developed SBPS using dozens of lenders and several small business loan products and hundreds of thousands of loans; and they have periodically updated its predictability for over six years.
- D&B and Fair Isaac have validated the SBPS to SBA’s portfolios for five years now; that is they scored every 7(a) and 504 outstanding loan, and compared this to actual results a year later.

Lender Risk Ratings (LRR)

- D&B and TrueNorth have validated the Lender Risk Rating for four years now; that is they Rated every 7(a) and 504 lender and compared this to actual results a year later.

III – LRR -- Transparency

Are L/LMS and its components transparent?

- Yes. The component factors of the SBPS formula and the LRR formula are made public. (Only the weightings in the formulas are not made public since they are proprietary.)
- The Rating includes SBPS data. SBPS data, as well as the Consumer and Business credit bureau reports where the information comes from can all be purchased by the lender.
- The Rating also includes SBA data that comes from the 1502 reporting by lenders, and SBA entered data when lenders put loans in liquidation or request purchases.
- SBA provides lenders with access to their Rating, the Rating components, and other important data via the **LENDER PORTAL**:
 - Lenders can see the exact same data SBA uses in reviewing their performance – this data is NOT hidden from lenders.
 - Lenders can use this data to help manage their portfolio – they can compare their performance to the portfolio and their peers, and they can trend all of this data over nine quarters.



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IV – Portal

IV - Lender Portal (Portal)

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How does a Lender gain access to the Lender Portal?

- The Lender Portal is an on-line web-based application. The data in the portal, including the Lender Risk Rating are updated quarterly.
- Instructions on how to apply for access to the Lender Portal are on the log-in page to the Lender Portal:

<https://pdp.dnb.com/pdpsba/pdplogin.asp>

- The instructions for lenders are detailed for security purposes. (SBA employees have their own procedures to obtain access to the Portal.)
- Only one person at a lender can have Portal access at one time.
- Note that once a lender is given access to the Lender Portal, it is up to the Lender to notify SBA when the access person needs to be changed or terminated. Once the lender has access to the Portal, the lender is responsible for the security of that access.
- Currently there are 800 plus 7(a) lenders and 504 CDCs on the Lender Portal. (SBA District Offices and Centers also use the Lender Portal.)

What is in the Lender Portal?

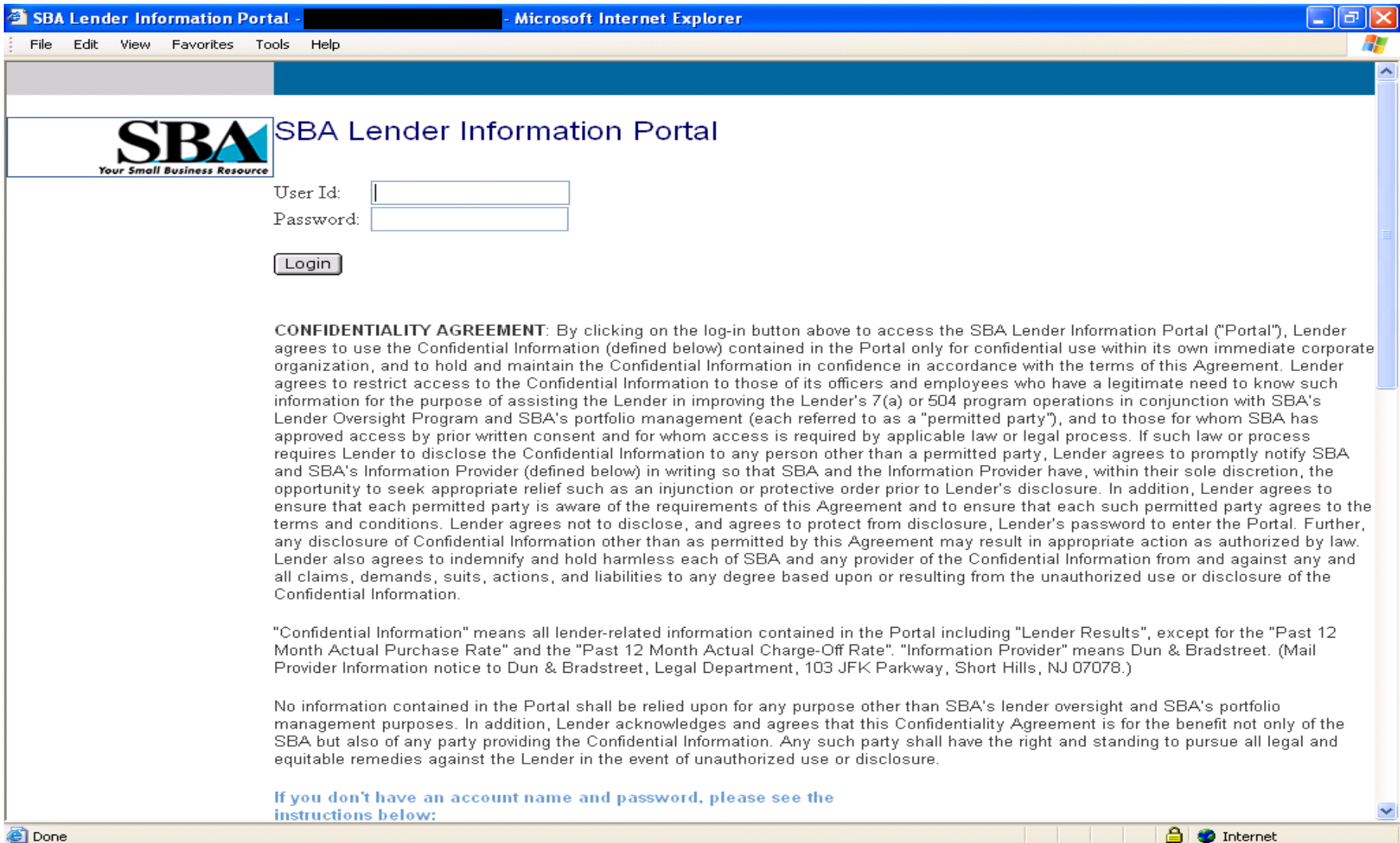
- The Lender Portal is updated quarterly, and the top of the Portal contains the following information including the Lender Risk Rating:
 - Basic Info and Lender Identification
 - Lender Risk Rating
 - Lender Risk Rating Components
- The Portal also contains other useful data SBA uses that is NOT part of the Lender Risk Rating. These data sections are called:
 - Additional Performance Ratios
 - SBPS Loan Credit Score Breakdown
 - Net Flows Information (This is a ‘True Losses’ figure.)
- The Portal also includes the following links:
 - A Portal ‘print friendly’ version (prints nicely to three pages)
 - A Excel data download (in database format of all of the data on the Portal)
 - A detailed word document with definitions of all fields (and portal changes)
 - List of all of the outstanding loans, (with SBPS risk bands)

IV – Portal – How to Use

Suggestions on how to use the Lender Portal?

- If something new comes up or there are changes to the Lender Portal, these will be explained in the Definitions document in the Portal. So every quarter it is important for lenders to check the Definitions document to see if something has been added.
- There are a rolling nine quarters of data in the Portal. So lenders can immediately trend their performance and credit quality data for two years. And lenders can continue to track this data for longer periods on their own.
- For each quarter, along with lender data, the Portal provides the lender's Peer Group averages, and the overall Portfolio (7a or 504) averages. Lenders can compare their performance and credit quality to similarly sized portfolios, and to the overall 7(a) or 504 Portfolio.
- Use the 'Order of Factor Importance' on pages 22 or 23 of this presentation to compare their lender performance to their Peer Group performance. Compare how the two are in relationship to each other, and how both have changed from the previous quarter. Then lenders can get a strong indication of what is affecting their Lender Risk Rating.

IV - Portal – Log In Page Example



The screenshot shows a web browser window titled "SBA Lender Information Portal - Microsoft Internet Explorer". The address bar is partially obscured by a black redaction box. The browser's menu bar includes "File", "Edit", "View", "Favorites", "Tools", and "Help". The page content features the SBA logo with the tagline "Your Small Business Resource" and the title "SBA Lender Information Portal". Below the logo are two input fields: "User Id:" and "Password:", each followed by a text box. A "Login" button is positioned below the password field. A large block of text follows, starting with "CONFIDENTIALITY AGREEMENT: By clicking on the log-in button above to access the SBA Lender Information Portal ("Portal"), Lender agrees to use the Confidential Information (defined below) contained in the Portal only for confidential use within its own immediate corporate organization, and to hold and maintain the Confidential Information in confidence in accordance with the terms of this Agreement. Lender agrees to restrict access to the Confidential Information to those of its officers and employees who have a legitimate need to know such information for the purpose of assisting the Lender in improving the Lender's 7(a) or 504 program operations in conjunction with SBA's Lender Oversight Program and SBA's portfolio management (each referred to as a "permitted party"), and to those for whom SBA has approved access by prior written consent and for whom access is required by applicable law or legal process. If such law or process requires Lender to disclose the Confidential Information to any person other than a permitted party, Lender agrees to promptly notify SBA and SBA's Information Provider (defined below) in writing so that SBA and the Information Provider have, within their sole discretion, the opportunity to seek appropriate relief such as an injunction or protective order prior to Lender's disclosure. In addition, Lender agrees to ensure that each permitted party is aware of the requirements of this Agreement and to ensure that each such permitted party agrees to the terms and conditions. Lender agrees not to disclose, and agrees to protect from disclosure, Lender's password to enter the Portal. Further, any disclosure of Confidential Information other than as permitted by this Agreement may result in appropriate action as authorized by law. Lender also agrees to indemnify and hold harmless each of SBA and any provider of the Confidential Information from and against any and all claims, demands, suits, actions, and liabilities to any degree based upon or resulting from the unauthorized use or disclosure of the Confidential Information.

"Confidential Information" means all lender-related information contained in the Portal including "Lender Results", except for the "Past 12 Month Actual Purchase Rate" and the "Past 12 Month Actual Charge-Off Rate". "Information Provider" means Dun & Bradstreet. (Mail Provider Information notice to Dun & Bradstreet, Legal Department, 103 JFK Parkway, Short Hills, NJ 07078.)

No information contained in the Portal shall be relied upon for any purpose other than SBA's lender oversight and SBA's portfolio management purposes. In addition, Lender acknowledges and agrees that this Confidentiality Agreement is for the benefit not only of the SBA but also of any party providing the Confidential Information. Any such party shall have the right and standing to pursue all legal and equitable remedies against the Lender in the event of unauthorized use or disclosure.

[If you don't have an account name and password, please see the instructions below:](#)

The browser's status bar at the bottom shows "Done" on the left and "Internet" on the right, with a lock icon in between.



U.S. Small Business Administration

IV - Portal – Data (1 of 2) Example

https://pdp.dnb.com - SBA Lender Information Portal - Microsoft Internet Explorer

File Edit View Favorites Tools Help

[Download \(XLS\)](#) [Print Friendly](#) [Back To Results](#) [Home](#) [Logout](#)

For definitions on fields below please [click here](#)

SITE INFORMATION	Current Quarter	1 Qtr Ago	2 Qtrs Ago
Date All Data is 'As-Of' at SBA	Jun 30 2007	Mar 31 2007	Dec 31 2006
Portfolio (7a or 504 Program)	7a	7a	7A
Lender FIRS ID Number	[REDACTED]		
Lender Name			
Lender City			
Lender State			
Number of SBA Loans Outstanding			
Gross Dollars Outstanding			
SBA Share Dollars Outstanding			
Lender Peer Group	\$004.0MM-\$009.9MM	\$004.0MM-\$009.9MM	\$010.0MM-\$099.9M

SBA LENDER RISK RATING	Current Quarter	1 Qtr Ago	2 Qtrs Ago
RATING COMPONENTS	Lender	Peer Group	Portfolio
[Past Performance & Current Credit Risk]	RESULTS	AVERAGE	AVERAGE
Past 12 Month Actual Purchase Rate	3.3%	1.1%	1.7%
Problem Loan Rate	9.5%	6.3%	5.6%
3-Month Change in SBPS Scores (7a only)	-0.4%	0.0%	0.0
Projected Purchase Rate (7a only)	2.3%	3.2%	2.8%
SBPS Score AVG (504 only)	177.7	170.4	172.5
ADDITIONAL RATING FACTOR(S)	N/A	N/A	N/A

Done Internet

IV - Portal – Data (2 of 2) Example

https://pdp.dnb.com - SBA Lender Information Portal - Microsoft Internet Explorer

SBA LENDER RISK RATING				1			2	
RATING COMPONENTS	Lender	Peer Group	Portfolio	Lender	Peer Group	Portfolio	Lender	Peer
[Past Performance & Current Credit Risk]	RESULTS	AVERAGE	AVERAGE	RESULTS	AVERAGE	AVERAGE	RESULTS	AVE
Past 12 Month Actual Purchase Rate	3.3%	1.1%	1.7%	1.3%	1.1%	1.8%	1.3%	1.2%
Problem Loan Rate	9.5%	6.3%	5.6%	10.8%	6.4%	5.4%	10.5%	4.6%
3-Month Change in SBPS Scores (7a only)	-0.4%	0.0%	0.0	0.8%	-0.1%	0.0	-0.1%	-0.4
Projected Purchase Rate (7a only)	2.3%	3.2%	2.8%	1.9%	3.2%	2.8%	2.1%	2.6%
SBPS Score AVG (504 only)	177.7	170.4	172.5	179.5	170.2	172.6	178	172
ADDITIONAL RATING FACTOR(S)	N/A			N/A			N/A	
Additional Performance Ratios				1 Qtr Ago			2 Qtrs Ago	
[Not Rating Components]	Lender	Peer Group	Portfolio	Lender	Peer Group	Portfolio	Lender	Peer
	RESULTS	AVERAGE	AVERAGE	RESULTS	AVERAGE	AVERAGE	RESULTS	AVE
Past 12 Month Actual Charge-Off Rate	5.2%	1.8%	1.8%	5%	2.2%	2.1%	10.2%	1.5%
Delinquency Rate	0.4%	2.1%	1.5%	0.4%	2.3%	1.5%	0.4%	1.5%
Liquidation Rate	9.1%	4.8%	4.5%	10.4%	4.5%	4.2%	10.2%	3.8%
Past Due Rate	0%	2.2%	1.5%	0%	2.1%	1.5%	1.1%	1.3%
SBPS Score Breakdown				1 Qtr Ago			2 Qtrs Ago	
[Not Rating Components]	Lender	Peer Group	Portfolio	Lender	Peer Group	Portfolio	Lender	Peer
	RESULTS	AVERAGE	AVERAGE	RESULTS	AVERAGE	AVERAGE	RESULTS	AVE
Lower Risk	53.2%	39.5%	40.7%	57.4%	39.2%	40.8%	57.8%	44.1
Moderate Risk	33.6%	41.8%	43.6%	33.3%	42.4%	43.8%	28.9%	41.7
Higher Risk	13.0%	18.6%	15.6%	9.2%	18.3%	15.2%	13.1%	14.0
Net Flows Information				1 Qtr Ago			2 Qtrs Ago	
[Not Rating Components]	Lender	Peer Group	Portfolio	Lender	Peer Group	Portfolio	Lender	Peer
	RESULTS	AVERAGE	AVERAGE	RESULTS	AVERAGE	AVERAGE	RESULTS	AVE
Fees	\$13,839	\$12,786	\$14,539	\$21,913	\$23,244	\$23,440	\$9,750	\$16,
Purchases	-\$62,653	-\$13,538	-\$19,805		-\$20,305	-\$29,952		-\$12,
Recoveries	\$9,680	\$4,541	\$8,777	\$6,800	\$5,509	\$16,401		\$5,3
Net Flow (Current)	-\$39,133	\$3,788	\$3,511	\$28,713	\$8,449	\$9,889	\$9,750	\$9,5
Net Flow (Cumulative)	-\$2,343,109	-\$289,247	-\$305,321	-\$2,303,975	-\$293,036	-\$308,833	-\$2,332,689	-\$30
Net Yield (Cumulative)	-3.1%	-1.5%	-1.5%	-3%	-1.5%	-1.5%	-3%	-1.5

© 2005 D&B

Done Internet

IV – Portal – What is New (1 of 2)

- As of 06-30-2009:
 - SBA changed from using SBPS v.5 to the new SBPS v.6. (Score differences are mainly at the low risk end.) Note that Charts in this presentation are from prior to 06-30-2009, and therefore all of them use SBPS v.5.
 - SBA added loan level information in an Excel file to the Lender Portal. The following data fields are included for all outstanding lender loans:
 - Lender ID (Mainbank FIRS number)
 - Lender/CDC Name
 - SBPS Score Range (Higher Risk, Moderate Risk, or Lower Risk)
 - SBA As-Of Date (As of on SBA systems -- usually 1-Month lag from Lender)
 - Loan Number
 - Borrower (Name of Borrower for each loan)
 - Total Outstanding Balance (Guaranteed and Non-Guaranteed portion)
 - The New SBPS v.6 Breakdown as of 06-30-2009:

• LOWER RISK	7(a): 200 or higher	504: 170 or Higher
• MEDERATE RISK	7(a): 160 – 199	504: 130 – 160
• HIGHER RISK	7(a): 159 or below	504: 129 or below

IV – Portal – What is New (2 of 2)

- As of 09-30-2009:
 - SBA is redeveloping the Lender Risk Rating. This is the same model (they modeling type will not change) just revised with any new information and any data changes to the 7(a) and 504 portfolios over the past several years. Models periodically need to be updated to remain current with changes to portfolios. (Note that the 09-30-2009 update will be released in the Portal when SBA publishes a new notice in the Federal Register.)
- Future Changes:
 - SBA’s OCRM is in a mode of continuous improvement process to our oversight and risk management efforts, and this includes the Lender Portal. We are actively looking for ways to improve and expand the Lender Portal, to make it more useful to SBA and lenders.

NOTE: To keep current of all future changes and issues, please check the Lender Portal Definitions document each quarter – particularly at the end of the document.

List of Additional Reference Documents

Along with this presentation, the following six documents should be attached/included as additional resource information for off-site review and monitoring through L/LMS, SBPS, LRR, and the Lender Portal:

- 1 -- Federal Register Notice as of 05-15-2007 on the Lender Risk Ratings and the Lender Portal (10 pages)
- 2 -- Lender Portal Sample of the Log In and Data Pages (5 pages)
- 3 -- Definitions Lender Portal REVISED as of 06-30-2009 (8 pages)
- 4 -- Public Notice 5000-1137 as of 12-23-2009 on the OCRM Lender Portal Update (5 pages)
- 5 -- SBPS loan credit scores Fact Sheet (4 pages)
- 6 -- SBPS loan credit scores What Drives Documentation (16 pages)



Resources for Additional Information

- Review L/LMS and other OCRM (Office of Credit Risk Management) information accessible on OCRM's web page at: <http://www.sba.gov/aboutsba/sbaprograms/olo/index.html>
- Send your specific questions on L/LMS or other issues to the OCRM mailbox at: lender.oversight@sba.gov
- Obtain information on applying for access to the Lender Portal at: <https://pdp.dnb.com/pdpsba/pdplogin.asp>
- You can always contact the OCRM managers anytime:
 - Bryan Hooper, Director, OCRM (202-205-7443)
bryan.hooper@sba.gov
 - John White, Deputy Director, OCRM (202-205-6345)
john.white@sba.gov