sblf | small business lending fund

INSTRUCTIONS for the Initial Supplemental Report for Savings and Loan Holding Companies Participating in the Small Business Lending Fund

GENERAL INSTRUCTIONS

The sections below constitute the Initial Supplemental Report.
Initial Baseline Calculation
Initial Adjusted Baseline Calculation
Initial Quarter-End Qualified Small Business Lending
Dividend Rate Calculation

WHO MUST REPORT ON WHICH FORMS
Every savings and loan holding company participating in the Small Business Lending Fund (SBLF) of the U.S. Department of the Treasury (Treasury) is required to submit an Initial Supplemental Report **no later than five (5) business days before the closing date of the SBLF funding.** For example, if the closing date is Thursday, June 30, 2011, then this report is due no later than Wednesday, June 22, 2011.

The savings and loan holding company must also submit Quarterly Supplemental Reports, beginning in the quarter in which the funding occurs, as described in the separate Instructions for the Quarterly Supplemental Report for Savings and Loan Holding Companies Participating in the Small Business Lending Fund.

DEFINITIONS AND RULES OF PRACTICE
Unless otherwise stated, the Initial Supplemental Report and the Instructions for the Initial Supplemental Report incorporate the definitions and general rules of practice embodied in the Thrift Financial Report (TFR) for savings and loans, as well as the instructions pertaining thereto.

ORGANIZATION OF THE INSTRUCTION BOOK
This instruction book is divided into two sections:
(1) The General Instructions describing overall reporting requirements.
(2) The Line Item Instructions for each section of the Initial Supplemental Report.

PREPARATION OF THE REPORT
Savings and loan holding companies are required to prepare and file the Initial Supplemental Report in accordance with these instructions. All reports shall be prepared in a consistent manner.

The savings and loan holding company's financial records shall be maintained in such a manner and scope so as to ensure that the Initial Supplemental Report can be prepared and filed in accordance with these instructions and will reflect a fair presentation of the savings and loan holding company's small business lending.

If you have general questions regarding this form, please contact the information line for the Small Business Lending Fund at 888-832-1147 (Monday-Friday, 9:00 AM-7:00 PM ET).

SIGNATURES
The cover (signature) page of the Initial Supplemental Report shall be used to complete the signature and attestation requirement. The savings and loan holding company may use digital or handwritten signatures; however, the choice will impact how the form is submitted. For details, see SUBMISSION OF THE REPORT instruction below.

Chief Executive Officer and Other Declarations
Both the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) (or the individuals performing equivalent function) of the savings and loan holding company shall sign the respective declarations on the cover (signature) page attesting to the correctness of the Initial Supplemental Report that the savings and loan holding company has filed with Treasury and the OTS.

SUBMISSION OF THE REPORT
Each savings and loan holding company must file its Initial Supplemental Report no later than five (5) business days before the closing date by electronically entering the report data directly into the Report and emailing the completed copy, along with the cover (signature) page, to Treasury at SBLFSuppRpt@treasury.gov.

For savings and loan holding companies using digital signatures, the completed electronic report is submitted as a single document. For savings and loan holding companies using handwritten signatures, both the completed electronic report and a scanned copy of the cover (signature) page must be submitted.

An additional copy should be sent to the savings and loan holding company's primary federal regulator, the OTS. Please contact your OTS Regional Office for instructions on how to securely submit the Initial Supplemental Report.

Submission Date
A savings and loan holding company's completed Initial Supplemental Report must be filed with the OTS and Treasury no later than five (5) business days before the closing date. The TFR(s) used to pull data should be from the second preceding quarter. For example, if the submission date is May 1, use the TFR(s) from December 31 of the previous year.

RETENTION OF REPORTS
In general, a savings and loan holding company should maintain in its files a signed and attested record of its completed Initial Supplemental Report, including any amended reports, for five (5) years after the report date.

MISCELLANEOUS GENERAL INSTRUCTIONS

Rounding
All dollar amounts must be reported in thousands with the figures rounded to the nearest thousand. Items less than $500 must be reported as zero.

Verification
All fields must be completed. All addition and subtraction should be double-checked before reports are submitted. Totals and subtotals in supporting materials should be cross-checked to corresponding items elsewhere in the reports.

RELEASE OF INDIVIDUAL SAVINGS AND LOAN REPORTS
All sections of the Initial Supplemental Report submitted by each reporting savings and loan holding company may be made available to the public by the OTS or Treasury.

LINE ITEM INSTRUCTIONS

The Small Business Jobs Act defines small business lending as certain loans of up to $10 million to businesses with up to $50 million in annual revenues. Those loans include:

1) Commercial and industrial loans
2) Owner-occupied nonfarm nonresidential real estate loans
3) Loans to finance agricultural production and other loans to farmers
4) Loans secured by farmland

The TFR captures this information as follows:

1) Commercial and industrial loans plus 3) Loans to finance agricultural production and other loans to farmers are captured in Schedule SC, line items SC300 and SC303, commercial loans: secured and unsecured.

2) Owner-occupied nonfarm nonresidential real estate loans plus 4) Loans secured by farmland are captured in Schedule LD, line item LD530, owner-occupied nonresidential property (except land) permanent loans.

Initial Baseline Calculation

If your institution's Qualified Small Business Lending increased as a result of mergers and acquisitions or loan purchases from 10/1/09 through 6/30/10, complete Worksheet A on the following page to calculate pro forma balances reported on line items 1 – 2 (pro forma balances in 3a – 3d are entered into 1a – 1d; pro forma balances in 6a – 6d are entered into 2a – 2d).

Item No.	Caption and Instructions
1a – 1d	Balances of commercial loans: secured and unsecured (as reflected on your subsidiaries' TFR Schedule SC, items SC300 and SC303), complete for each of the four quarters Exclude lease receivables
2a – 2d	Balances of owner-occupied nonresidential property (except land) permanent loans (as reflected on your subsidiaries' TFR Schedule LD, item LD530), complete for each of the four quarters

Worksheet A

Dollar amounts in thousands	9/30/09				12/31/09				3/31/10				6/30/10			
		Bil	Mil	Thou		Bil	Mil	Thou		Bil	Mil	Thou		Bil	Mil	Thou
1. Balances of commercial loans: secured and unsecured (as reflected on your subsidiaries' TFR Schedule SC, items SC300 and SC303)	1a				1b				1c				1d			
2. Dollar value of such loans either gained through an acquisition of, or merger with, another institution, or purchased from another institution during the quarter					2b				2c				2d			
3. Pro forma dollar values including such loans gained through an acquisition, merger, or purchase (line item 3a equals line items 1a+2b+2c+2d; line item 3b equals line items 1b+2c+2d; line item 3c equals line items 1c+2d; line item 3d equals line item 1d)	3a				3b				3c				3d			
4. Balances of owner-occupied nonresidential property (except land) permanent loans (as reflected on your subsidiaries' TFR Schedule LD, item LD530)	4a				4b				4c				4d			
5. Dollar value of such loans either gained through an acquisition of, or merger with, another institution, or purchased from another institution during the quarter					5b				5c				5d			
6. Pro forma dollar values including such loans gained through an acquisition, merger, or purchase (line item 6a equals line items 4a+5b+5c+5d; line item 6b equals line items 4b+5c+5d; line item 6c equals 4c+5d; line item 6d equals line item 4d)	6a				6b				6c				6d			

Item No.	Caption and Instructions
3a – 3d	Subtotal (sum lines 1 and 2 for each column)
4a – 4d	Dollar portion of any such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than $10 million
5a – 5d	Dollar portion of such loans to businesses with more than $50 million in revenues, unless included in line 4
	Include loans made to a business with more than $50 million in revenues during the most recent fiscal year ended as of the date of the loan origination. If the recipient's revenues for that fiscal year are unknown, use available annual revenue information reasonably proximate to that fiscal year
6a – 6d	Dollar portion of line 3 guaranteed by the U.S. government, unless included in lines 4 or 5
	Include only the portion of the loan which is guaranteed by the U.S. government
7a – 7d	Dollar portion of line 3 where a third party has assumed an interest, unless included in lines 4, 5, or 6
	Include only the portion where a third party has assumed an interest
8a – 8d	Total qualified loans (line 8 equals line 3 minus lines 4, 5, 6, and 7 for each date column)
9	Total of four quarters of qualified loans (sum line items 8a through 8d)
10	Initial Small Business Lending Baseline (line 10 equals line 9 divided by four)
	Include four quarters of qualified business loans divided by four to determine the average qualified lending baseline

Initial Adjusted Baseline Calculation

This section is used to adjust an institution's Initial Small Business Lending Baseline for increases in qualified loan balances resulting from mergers, acquisitions, or purchases of such loans on or after 7/1/2010. Amounts should reflect increases from 7/1/2010 through the quarter-end prior to the quarter in which the closing date occurs. Therefore, data shown should be as of two quarters prior to the quarter in which the closing date occurs (e.g. if closing occurs on 4/1/2011, the information reflected should be as of 7/1/2010 through 12/31/2010).

Item No.	Caption and Instructions
11	Initial Small Business Lending Baseline (line 10)

Item No.	Caption and Instructions
12	Balance increases in commercial loans: secured and unsecured resulting from an acquisition of, or merger with, another institution, and purchases of such loans on or after 7/1/2010 Exclude lease receivables
13	Balance increases in owner-occupied nonresidential property (except land) permanent loans resulting from an acquisition of, or merger with, another institution, and purchases of such loans on or after 7/1/2010
14	Subtotal (sum lines 12 and 13)
15	Dollar portion of any such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than $10 million
16	Dollar portion of such loans to businesses with more than $50 million in revenues, unless included in line 15 Include loans made to a business with more than $50 million in revenues during the most recent fiscal year ended as of the date of the loan origination; if the recipient's revenues for that fiscal year are unknown, use available annual revenue information reasonably proximate to that fiscal year
17	Dollar portion of line 14 guaranteed by the U.S. government, unless included in lines 15 or 16 Include only the portion of the loan which is guaranteed by the U.S. government
18	Dollar portion of line 14 where a third party has assumed an interest, unless included in lines 15, 16, or 17 Include only the portion where a third party has assumed an interest
19	Qualified balance increases (line 19 equals line 14 minus lines 15, 16, 17, and 18)
20	Initial Adjusted Small Business Lending Baseline (line 20 equals line 11 plus line 19)

Initial Quarter-End Qualified Small Business Lending

All savings and loan holding companies participating in the Small Business Lending Fund must complete this section. All figures are to be reported in thousands of dollars. Amounts should reflect information published in the quarter prior to the quarter in which the closing date occurs. Therefore, data shown should be as of two quarters prior to the quarter in which the closing date occurs (e.g. if closing occurs on 4/1/2011, the information reflected should be as of 12/31/2010).

Item No.	Caption and Instructions
21	Balances of commercial loans: secured and unsecured (as reflected on your subsidiaries' TFR Schedule SC, items SC300 and SC303) Exclude lease receivables
22	Balances of owner-occupied nonresidential property (except land) permanent loans (as reflected on your subsidiaries' TFR Schedule LD, item LD530)
23	Subtotal (sum lines 21 and 22)
24	Dollar portion of any such loans or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than $10 million
25	Dollar portion of such loans to businesses with more than $50 million in revenues, unless included in line 24 Include loans made to a business with more than $50 million in revenues during the most recent fiscal year ended as of the date of the loan origination; if the recipient's revenues for that fiscal year are unknown, use available annual revenue information reasonably proximate to that fiscal year
26	Dollar portion of line 23 guaranteed by the U.S. government, unless included in lines 24 or 25 Include only the portion of the loan which is guaranteed by the U.S. government
27	Dollar portion of line 23 where a third party has assumed an interest, unless included in lines 24, 25, or 26 Include only the portion where a third party has assumed an interest
28	Total initial quarter-end qualified small business loans (line 28 equals line 23 minus lines 24, 25, 26, and 27)

Net Charge-Off Adjustments

Item No.	Caption and Instructions
29	Net charge-offs on commercial loans: secured and unsecured on or after 7/1/2010
30	Net charge-offs on owner-occupied nonresidential property (except land) permanent loans on or after 7/1/2010
31	Subtotal (sum lines 29 and 30)
32	Dollar portion of net charge-offs on any such loan or group of such loans to the same borrower and its affiliates with an original principal or commitment amount greater than $10 million
33	Dollar portion of net charge-offs on such loans to businesses with more than $50 million in revenues, unless included in line 32
34	Dollar portion of net charge-offs on loans guaranteed by the U.S. government, unless included in lines 32 or 33
35	Dollar portion of net charge-offs on loans where a third party has assumed an interest, unless included in lines, 32, 33, or 34
36	Total net charge-offs (line 36 equals line 31 minus lines 32, 33, 34, and 35)
37	Quarter-End Adjusted Qualified Small Business Lending (line 37 equals line 28 plus line 36)

Dividend Rate Calculation

This section is used to determine the Dividend Rate for the quarter in which SBLF funding occurs.

Item No.	Caption and Instructions
38	Dollar value of funding from the Small Business Lending Fund
39	Dollar value of Initial Adjusted Small Business Lending Baseline (line 20)
40	Dollar value of Quarter-End Adjusted Qualified Small Business Lending (line 37)
41	Dollar value of increase in Qualified Small Business Lending from baseline (line 41 equals line 40 minus line 39)
42	Percent increase in Qualified Small Business Lending (line 42 equals line 41 divided by line 39)
43	If line 38 is greater than line 41, enter the amount from line 41; if line 41 is greater, enter the amount from line 38
44	Applicable Dividend Rate Refer to table below to locate the applicable dividend rate associated with the growth percentage shown in line 42.

Increase from Baseline	Dividend Rate
Less than 2.5%	5%
2.5% or more, but less than 5%	4%
5% or more, but less than 7.5%	3%
7.5% or more, but less than 10%	2%
10% or more	1%

This is the rate that will be applied to the amount in line 43. Any unused portion of the SBLF funding amount is subject to a 5% dividend rate.

45	If line 38 is greater than line 41, enter the difference (line 38 minus line 41); otherwise, not applicable
46	Applicable Dividend Rate for amount in line 45, if needed (5%)
47	Weighted Average Dividend Rate for SBLF capital for the quarter in which funding occurs; calculate as follows: a. Multiply line 43 and line 44 b. Multiply line 45 and line 46 c. Sum the results from steps a and b d. Divide the results from step c by line 38 (the capital amount) and enter the resulting rate, going out seven decimal points

Example:

ABC Savings Corporation:

- Receives $10 million from the Small Business Lending Fund on 4/1/2011
- Reports an Initial Adjusted Small Business Lending Baseline of $200 million
- Reports a Quarter-End Adjusted Qualified Small Business Lending balance of $209.9 million. This includes the impact of changes in loan balances due to new loans made, payments, and charge-offs, plus an adjustment to add back charge-offs.

ABC Savings Corporation's Initial Supplemental Report – Dividend Rate Determination would appear as follows:

Dollar amounts in thousands		Bil	Mil	Thou
38. Dollar value of funding from the Small Business Lending Fund	38		10	000
39. Dollar value of Initial Adjusted Small Business Lending Baseline (line 20)	39		200	000
40. Dollar value of Quarter-End Adjusted Qualified Small Business Lending (line 37)	40		209	900
41. Dollar value of increase in Qualified Small Business Lending from baseline (line 41 equals line 40 minus line 39)	41		9	900

42. Percent increase in Qualified Small Business Lending (line 42 equals line 41 divided by line 39)	42	4.95	%

43. If line 38 is greater than line 41, enter the amount from line 41; if line 41 is greater, enter the amount from line 38	43	9,900,000	$
44. Applicable Dividend Rate (from the table in Instructions for Initial Supplemental Report) for amount in line 43	44	4.0	%
45. If line 40 is greater than line 43, enter the difference (line 40 minus line 43); otherwise, not applicable	45	100,000	$
46. Applicable Dividend Rate for amount in line 45, if needed	46	5.0	%
47. Weighted Average Dividend Rate for SBLF capital for the quarter in which funding occurs (must go out seven decimal points; see Instructions for Initial Supplemental Report for details)	47	4.0100000	%

For an example illustrating the calculation in subsequent quarters, refer to the Instructions for the Quarterly Supplemental Report.