



U.S. SMALL BUSINESS ADMINISTRATION  
**OFFER IN COMPROMISE**

NAME AND ADDRESS OF OBLIGORS (*proponents*)

NAME AND ADDRESS OF BORROWER

SOCIAL SECURITY NUMBER(S)

LOAN NUMBER

LOAN BALANCE

**SEE INSTRUCTIONS ON BACK OF THIS FORM BEFORE COMPLETING**

1. This offer is submitted by the undersigned to compromise a claim of the Small Business Administration resulting from a loan to the above borrower which is now fully due and payable and for which I (we) am alleged to be liable.

2. In full settlement thereof I (we) hereby make the following offer:

3. The following facts and reasons are submitted as grounds for acceptance of this offer:

4. It is understood that this offer will be considered and acted upon in due course and that it does not afford relief from the obligation sought to be compromised unless and until it is accepted in writing by The Small Business Administration and there has been full compliance with the terms of the offer.

With knowledge of the penalties for false statements provided by 18 United States Code 1001 (*\$10,000 fine and/or five years imprisonment*) and with knowledge that this proposal is submitted to affect action by the Government; I (we) declare that I (we) have examined this offer, including accompanying schedules and statements, and to the best of my (our) knowledge and belief, it is true, correct and complete.

**SIGNATURE OF PROPONENTS (*Person(s) making the offer*)**

SIGNATURE

DATE

SIGNATURE

DATE

**COMPROMISE OFFERS  
BASIC CHECKLIST**

**Instructions for Presenting Offer:**

The offer made in item 2 should be clear and concise. Dollar amounts be given first followed by an indication of any concessions anticipated from the Agency (release of lien, etc.). Lump sum payment is the preferred method of concluding a compromise settlement. Special requirements may apply to installment payment settlements (i.e., confess-judgment note, etc.).

Provide in Item 3, the basic reasons as to why a compromise settlement is necessary.

Provide, as an attachment hereto, a reasonably current, complete, sworn statement of income and expenses on SBA Form 770, "Financial Statement of Debtor. All transfers and/or acquisitions of real property and major items of personal property since the date the debt to SBA was created must be itemized. Show names and addresses of transferees, relationship to obligor (if any) and the type, amount and disposition of any consideration received.

In case referred by the Department of Justice, a copy of DOJ Form DJ-35, "Financial Statement of Debtor" may be utilized instead of the aforesaid SBA Form 770. In such cases, a statement of any beneficiary status under a pending inheritance or an established trust should be included as an attachment thereto.

**Elements of a Workable Compromise Offer:**

1. Amount offered bears a reasonable relationship to the net amount recoverable through enforced collection.
2. No fraud or misrepresentation.
3. Full disclosure of financial capacity of obligor(s) has been made (SBA Form 770, etc.).
4. Borrower has ceased operations and all business collateral (assets) has been liquidated.
5. Participating bank, if any, concurs in the action.
6. Valuations provided for realty mortgaged to SBA or subject to judgment by SBA are supported.
7. Source of funds for payment of the offer clearly identified.

The items identified above are for general information and are provided primarily to assist in the proper development of a compromise package. While most cases can be decided using this "generally applicable" information, the Agency is not limited to these factors in any given matter.