



SBA Procedural Notice

TO: All SBA Employees and SBA Lenders

CONTROL NO.: 5000-19009

EFFECTIVE: April 1, 2019

SUBJECT: Change to Procedure in SOPs 50 55 and 50 57 2 for Approval of Certain Servicing Actions on 7(a) and 504 Loans

This Notice is to inform SBA employees and SBA Lenders of a change in the procedure for the approval of any change in the ownership of the Borrower after final disbursement on a 7(a) or 504 loan. In order to ensure consistency with recent changes made in Standard Operating Procedure (SOP) 50 10 5(K)¹, Lender and Development Company Loan Programs, SBA is making corresponding changes to the procedure set forth in SOPs 50 55, 504 Loan Servicing and Liquidation, and 50 57 2, 7(a) Loan Servicing and Liquidation.

SBA Lenders, including those with delegated authority, may not unilaterally approve any adjustment to or change in the ownership of a Borrower, including a change in percentage of ownership, for 12 months after final disbursement on any 7(a) or 504 loan. **Effective April 1, 2019, such changes require SBA's prior approval.**

In order to obtain SBA's prior approval of such changes, SBA Lenders must submit a request to the appropriate Commercial Loan Servicing Center (CLSC), as identified in SOP 50 55, Chapter 2 and SOP 50 57 2, Chapter 2. The request must include the reason for the change(s), the details of the requested action, along with the recommendation of the SBA Lender. The appropriate CLSC will make its determination after:

- a. Verification that the proposed changes to the ownership of the Borrower comply with limitations on the aggregate amount of SBA portions of all loans to a Borrower, including affiliates; and
- b. Verification that there has been no prior loss to the Government caused by the new owner(s) or any business owned, operated or controlled by the new owner(s).

¹ Subpart B "Section 7(a) Business Loan Programs," Chapter 8, Paragraph 1, "Post-Disbursement Changes," and Subpart C, "Section 504 Certified Development Company Loan Program" Chapter 9, Paragraph IV.A.1. "Post Disbursement Issues."

As noted above, these changes to SOPs 50 55 and 50 57 2 are effective April 1, 2019 and will control over any conflicting provisions in those SOPs. SBA will update the SOPs after it has determined whether additional clarifications are needed.

Questions or comments regarding this Notice may be directed to the Lender Relations Specialist in your local SBA Field Office.

Local SBA Field Offices may be found at:

<https://www.sba.gov/local-assistance/find/?type=SBA%20District%20Office&pageNumber=1>

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