



# SBA Procedural Notice

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**TO:** All SBA Employees and PPP Lenders

**CONTROL NO.:** 5000-20021

**SUBJECT:** Guidance on Participation Sales for  
Paycheck Protection Program Loans

**EFFECTIVE :** 4/ 24 /2020

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The purpose of this Notice is to provide guidance to Lenders approved to participate in the Paycheck Protection Program (“PPP”) regarding the sale of participating interests in PPP loans.

Lenders participating in the Paycheck Protection Program (“PPP”) may sell participating interests in PPP loans to other participating Lenders in accordance with 13 CFR § 120.432(b). For purposes of PPP loans only, SBA’s prior written consent is not required and Lenders may sell participations of up to 100 percent of the principal balance of PPP loans. All participating interests in PPP loans must be sold to Lenders that have a signed SBA Form 750, SBA Form 3506, or SBA Form 3507. The originating Lender must continue to hold the note, the loan documents and retain all servicing rights. The originating Lender will be the party responsible to SBA with respect to all servicing actions, including requests for advance purchases and loan forgiveness, and will be the party eligible for the guarantee purchase of a PPP loan.

The originating Lender must also provide SBA’s Office of Credit Risk Management (OCRM) with prior written notice of any such participating interest sale at the following email address: [PPPLoanParticipation@sba.gov](mailto:PPPLoanParticipation@sba.gov). For purposes of PPP loans only, the originating Lender will be considered to meet the good standing and satisfactory performance requirements of 13 CFR § 120.433.

If you have any questions, please contact John Wade, Chief of Secondary Markets at [john.wade@sba.gov](mailto:john.wade@sba.gov).

Dianna L. Seaborn  
Director  
Office of Financial Assistance

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**EXPIRES: 4-1-2021**

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete

Must be accompanied by SBA Form 58