



SBA Procedural Notice

TO: All SBA Employees and Paycheck Protection Program Lenders

CONTROL NO.: 5000-809242

SUBJECT: Extension and Revision of Guidance on Whole Loan Sales of Paycheck Protection Program Loans

EFFECTIVE: April 30, 2021

On May 1, 2020 SBA issued SBA Procedural Notice 5000-20024 to provide guidance to Lenders approved to participate in the Paycheck Protection Program (“PPP”) regarding whole loan sales of PPP loans. The guidance provided in SBA Procedural Notice 5000-20024 expires on May 1, 2021. Because the PPP is continuing, the purpose of this notice is to extend the guidance on whole loan sales as described and updated below. NOTE: This Procedural Notice applies to Lender merger and acquisition transactions where the Lender has PPP loan(s) in its portfolio.¹

Lenders participating in PPP may sell all of their interest in PPP loans to other participating Lenders in accordance with 13 CFR § 120.432(a). For purposes of PPP loans only, SBA’s prior written consent is not required. All PPP loans must be sold to Lenders that have a signed SBA Form 750, SBA Form 750 CA, SBA Form 3506, or SBA Form 3507 (referred to individually as a “Loan Guarantee Agreement”). The purchasing Lender must take possession of the note and the loan documents and service the loan. The purchasing Lender, however, may elect to have the originating Lender subservice the loan and hold the note and loan documents on behalf of the purchasing Lender. The purchasing Lender acquires the PPP loan subject to SBA’s existing rights, including its right to deny liability on its guarantee. The PPP loan will be purchased subject to the acquiring Lender’s applicable Loan Guarantee Agreement.

The originating Lender must immediately provide SBA’s Office of Credit Risk Management with notice of any PPP whole loan sale including the name of the purchasing Lender, the current mailing address for both Lenders, identification of an Authorized Lender Official for both Lenders, and valid email addresses for both Authorized Lender Officials. Additionally, the notice must include a PPP loan list in an Excel format that contains the SBA loan number, borrower name, original loan amount, current amount principal balance, and maturity date. The notice and required information must be submitted to the following e-mail address: PPPLoanSales@sba.gov.

¹ Other SBA Loan Program Requirements not involving PPP may also apply to Lender merger and acquisition transactions.

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.

The purchasing Lender will be the party responsible to SBA with respect to all servicing actions, including requests for loan forgiveness, and will be the party eligible for the guarantee purchase of a PPP loan.

Please direct questions to Darrel Eddingfield at darrel.eddingfield@sba.gov or to PPPLoanSales@sba.gov.

Dianna L. Seaborn
Director
Office of Financial Assistance