Technical Issues Memo 17-20

To: NADCO Members (Please disseminate to all appropriate personnel)

From: Rhonda Pointon, Chief Operating Officer, Regulatory Affairs/Training

Subject: SBA Guidance on Acceptable Signatures for Applications and Loan Documents

Date: March 25, 2020

Today, the SBA published Procedural Notice 5000-20009 providing guidance on accepting signatures on applications and other loan documents for 504 and 7(a) business loans during this period of uncertainty due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic.

As set forth in SOP 50 10 5(K), SBA currently permits SBA Lenders to use electronic signatures on SBA forms and other documents requiring signatures in connection with 504 and 7(a) business loans provided they comply with the standards outlined in Appendix 8 to the SOP.

Effective immediately and until September 30, 2020, where electronic signatures are not feasible, all SBA Lenders may accept scanned copies of signed applications and loan documents, provided the SBA Lender also obtains:

1. A copy of the individual’s driver’s license or other valid form of identification (front and back); and
2. A valid original signature on the applicable document within 6 months of the date of the Note.

If the SBA Lender fails to obtain the required original signature within 6 months of the date of the Note, for 504 loans, SBA may pursue a CDC recovery claim under 13 CFR § 120.938 and for 7(a) loans, SBA may deny liability on the guaranty in full.

SBA Lenders must retain the required documents in accordance with SOP 50 10, Subpart A, Ch. 1, Para. I.E.6 (for 7(a) Lenders) and Ch. 3, Para. II.B.8 (for CDCs).

SBA Lenders are reminded to protect all Personally Identifiable Information (PII) in accordance with all applicable privacy and other laws and practices.

If you would like to access this TI Memo, or the SBA Procedural Notice via the NADCO website, please click below.

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SBA Procedural Notice 5000-20009