

SBA PPP Platform

Dear Lenders,

Please find the following responses to some frequently asked questions below:

1. Should Lenders Offset Available Funds from Defaulted Borrowers?

If a PPP borrower is unable to seek forgiveness, is asked to pay back the loan on terms, and subsequently defaults, the Lender should make every attempt to collect available funds to reduce the loan balance. If the Lender has the right of offset, it should exercise that right and offset legally available funds. SBA expects Lenders to protect our position and theirs to recover whatever funds they are entitled to.

2. How Should Lenders Notify SBA that a Borrower wants to Request a Manual Review of a Partial Forgiveness Decision?

SBA issued [Procedural Notice 5000-827666](#), SBA Loan Reviews of Paycheck Protection Program Lender Partial Approval Forgiveness Decisions, on January 27, 2022. In it we described the new rule that allows borrowers who have received partial forgiveness, but have not had the benefit of a manual review by SBA, to ask SBA to conduct a review.

Please note that at this time, the module to accept these requests in the Paycheck Protection Program Platform is currently under development and therefore SBA cannot accept these requests.

At this time, SBA expects lenders to notify borrowers of this right as outlined in the notice. As soon as the new module is operational, SBA will issue another platform notification. At that time, lenders will be able to enter ALL requests received to date. Please note that SBA is aware that this situation affects the time guidelines stated in the notice. Until the platform is fully functional, as long as the lender received the request from the borrower within the prescribed 30 days, SBA will accept the request for manual review, understanding that it wasn't possible for the lender to submit the request.

Please note, it is not necessary to email or notify SBA that you have received a request from a borrower. SBA will honor the requests when the platform module is complete.

[SBA Loan Reviews of Paycheck Protection Program Lender Partial Approval Forgiveness Decisions](#)

3. Can Lenders Extend the Maturity on PPP Loans Beyond 5 Years?

Lenders are encouraged to work with borrowers to allow for maximum flexibility in repayment of any outstanding balance of a PPP loan. Lenders should consult SOP 50 57 2, 7(a) Loan Servicing and Liquidation, for applicable SBA Loan Program Requirements regarding loan modifications, including extensions of maturity.

The maturity date of a PPP loan may be extended for up to 10 years beyond its original maturity date if the extension is granted before the SBA loan guaranty expires (i.e., less than 180 calendar days after the original maturity date) and the extension will aid in the orderly repayment of the loan.

4. Once a Loan is Forgiven, Should Lenders Continue to Submit 1502 Reports?

After a Lender receives a PPP forgiveness remittance from SBA, if no loan balance remains, the Lender must report the PPP loan as paid in full on the next SBA Form 1502 report. If a loan balance remains after a Lender receives a PPP forgiveness remittance from SBA, the Lender must report the reduction in the loan balance for the forgiveness amount on the next SBA Form 1502 report and must service the remaining balance of the loan in accordance with PPP requirements. The Lender must continue to submit a monthly SBA Form 1502 report on each loan until it is either paid in full or charged off. The Lender must wait to receive the PPP forgiveness remittance from SBA before submitting a 1502 report showing the PPP loan as paid in full or a balance reduction due to forgiveness. Premature 1502 reporting of forgiveness will cause the Lender's forgiveness remittance from SBA, if any, to fail validation, because the SBA system must reflect the available funds.

5. If SBA Arrives at an Adverse Decision During a Post Forgiveness Review What's Next?

If SBA identifies during a post forgiveness review that a loan should not have been forgiven, it will notify the lender that it has either identified that the loan was not eligible or that SBA has identified fraud. At that time the lender will receive instructions for clawing back the funds. The lender will be expected to make every effort to recover the forgiveness funds from the borrower. Ultimately, in most cases, SBA will work with the lender to convert

the forgiveness decision to a guaranty purchase once SBA and the Lender have established that funds cannot be clawed back.

6. What Should Lenders do if the Guaranty on a PPP Loan has been Purchased, but the Borrower Subsequently Asks for Forgiveness?

Borrowers have the right to ask for forgiveness after the guaranty purchase on PPP loans. Lenders must accept that request, review it, and ultimately submit it to SBA for consideration. SBA is currently working to develop a process to allow the forgiveness request to be entered into the PPP Platform after guaranty purchase has occurred. Once SBA reviews and concurs with the forgiveness requests, SBA will then convert the guaranty purchase to a forgiveness decision. Lenders should note that they are still responsible for processing the forgiveness decision even after SBA has honored the guaranty.

7. Should Lenders Try to Get Hold Codes Cleared Prior to Asking for Forgiveness?

No. This is not necessary, and in fact makes the process more complicated for SBA and the Lenders. Lenders should submit the forgiveness request. SBA will review the hold codes and work with the Lenders at that time to determine if the hold codes can be resolved.

8. How Can Lenders Remit Funds Received on PPP Loans After the Guaranty Has Been Honored?

Lenders should use the pay.gov system to remit funds received for PPP Loans after Guaranty Purchase using the SBA Form 172. When submitting the payment, Lenders should select “Payroll Protection Program (PPP)” from the four choices listed under the Type of Payment. This will allow for the 100% guarantee and for 100% of the payment to be applied to the loan.

Sincerely,

Office of Capital Access
U.S. Small Business Administration

Telephone Support: 833-572-0502