SBA Procedural Notice

TO: All SBA Employees, 7(a) Lenders, and Certified Development Companies

CONTROL NO.: 5000-20016

SUBJECT: Changes to 4506-T Tax Transcript Verification Procedures during the COVID-19 Emergency

EFFECTIVE: April 8, 2020

On March 13, 2020, President Trump declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration for all States, territories, and the District of Columbia (COVID-19 Emergency Declaration). The purpose of this Notice is to advise SBA Lenders (including 7(a) Lenders and Certified Development Companies (CDCs)) of changes to the 4506-T tax transcript verification procedures during the COVID-19 emergency.

In response to the COVID-19 Emergency Declaration, the Internal Revenue Service (IRS) has notified users of the IRS Income Verification Express Service (IVES) Program that the IRS has temporarily closed all Taxpayer Assistance Centers and discontinued face-to-face service throughout the country until further notice. The IRS also has temporarily suspended acceptance of new IVES work at this time as they adjust to the impact of state and local stay-at-home orders. IRS has also stated that they will keep all users posted of any updates to this status.

SBA understands the IRS suspension of accepting new 4506-T tax return transcript requests though IVES is a temporary measure and is expected to last until further notice. SBA recognizes this IRS temporary suspension of services will affect the ability of SBA Lenders to comply with the Loan Program Requirements to verify financial information of the Borrower prior to the first disbursement of loan proceeds (for a 7(a) loan) and prior to submitting the closing documents to SBA Counsel (for 504 loans).

In an effort to minimize the impact of the IRS suspension and to ensure that loan proceeds are disbursed to small businesses as soon as possible, SBA is providing temporary procedural guidance relating to the verification of financial information for SBA Lenders. The temporary guidance set forth below replaces the guidance related to the timing of verification of financial information that is in SOP 50 10 5 K Subpart B, Chapter 5, Paragraph IV.D.1. (for 7(a) loans) and Chapter 7, Para. IV.I.3 (for SBA Express, Export Express, and 7(a) Small Loans), and Subpart C, Chapter 5, Paragraph I.E.1 (for 504 loans).

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

Must be accompanied by SBA Form 58

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Effective with the date of this Notice and until further notice, all SBA Lenders, must follow the procedures set forth below to verify the Applicant's financial information provided in connection with a 7(a) or 504 loan:

If the SBA Lender has submitted IRS Form 4506-T to the IRS and has not received a response from the IRS or the copy of the tax transcript within 10 business days or is unable to submit the IRS Form 4506-T due to the temporary suspension of IRS acceptance of the form, the SBA Lender:

i. May proceed to close and disburse the loan;

ii. Must follow-up with the IRS to obtain and verify the tax data by submitting IRS Form 4506-T or by resubmitting a copy of the IRS Form 4506-T to IRS with the notation "Second Request" in the top right hand side, as applicable;

iii. Must document its file with a dated copy of the submission/second submission, as applicable; and

iv. Must perform the verification and resolve any significant differences discovered as soon as the IRS response is received, but in no event later than 6 months from the date of the Note.

Under current circumstances, if an SBA Lender is unable to submit the 4506-T to the IRS, the SBA Lender must obtain a certification from the Applicant that the tax information provided to the SBA Lender is identical to what was submitted to the IRS.

SBA appreciates your patience as we navigate through numerous different challenges in this very rapidly changing environment.

If you have any questions regarding this notice, please contact your local SBA field office or the service centers. To locate your local office or service center, please go to https://www.sba.gov/about-sba/sba-locations.

Dianna L. Seaborn
Director
Office of Financial Assistance

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