SBA Procedural Notice

TO: All SBA Employees and SBA Lenders

CONTROL NO.: 5000-808946

SUBJECT: Extension of Previous Guidance on Acceptable Signatures for Applications and Loan Documents in the 7(a) and 504 Business Loan Programs Through July 31, 2021

EFFECTIVE: April 27, 2021

The purpose of this Notice is to further extend the guidance set forth in SBA Procedural Notice 5000-20089, "Extension of Previous Guidance on Acceptable Signatures for Applications and Loan Documents in the 7(a) and 504 Business Loan Programs Through April 30, 2021", effective January 28, 2021. The guidance in SBA Procedural Notice 5000-20089 is scheduled to expire on April 30, 2021, and SBA is extending it through July 31, 2021, due to the continued uncertainty of the ongoing Coronavirus Disease 2019 (COVID-19) pandemic.

7(a) and 504 Business Loans

As set forth in Standard Operating Procedure (SOP) 50 10, SBA currently permits SBA Lenders (7(a) Lenders and Certified Development Companies) to use electronic signatures on SBA forms and other documents requiring signatures in connection with 7(a) and 504 business loans provided they comply with the standards outlined in Appendix 10 to SOP 50 10 6, titled "Electronic Signatures".[1] In SBA Procedural Notices 5000-20050, 5000-20061, and 5000-20089, SBA modified the procedures for submitting documents with acceptable signatures where electronic signatures were not feasible. With this Notice, SBA is extending these modified procedures for submitting acceptable signatures as follows:

A. *Application Documents, Note, Guaranty, and Servicing Agent Agreement:*

Effective immediately and until July 31, 2021, where electronic signatures are not feasible, all SBA Lenders may accept scanned copies of 7(a) and 504 SBA forms and other loan documents with all required signatures, including but not limited to:

1. The Applicant's signature (including the signature(s) of any Co-Applicant, Operating Company, owner(s) of the Applicant, and key employee(s), if

[1] Electronic signatures cannot be used on any document if the recording office requires wet signatures. See, Section B. below.

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required by SBA Loan Program Requirements) on application documents (including SBA Form 1919, Borrower Information Form (for use with all 7(a) Programs), SBA Form 1244, Application for Section 504 Loans, and SBA Form 159, Fee Disclosure and Compensation Agreement);

2. The Borrower's signature on the promissory note (SBA Form 147 or the Lender's equivalent form for 7(a) loans and SBA Form 1505 for 504 loans);
3. The Agent's signature on SBA Form 159;
4. The Guarantor's signature on the guaranty (SBA Form 148/148L or the Lender's equivalent form); and
5. For 504 loans, the Borrower's signature on SBA Form 1506, Servicing Agent Agreement.

The scanned copy of the document is acceptable provided that the SBA Lender also obtains:

1. A copy of the individual's driver's license or other valid form of identification (front and back) at the same time that the scanned copy is submitted; and
2. A valid original signature on the applicable document within six (6) months of the date of the Note.

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

For 504 loans, before the Debenture is sold, the CDC must complete an assignment of the Note and Guaranty(ies) to SBA when scanned copies of all required signatures have been obtained. When the CDC obtains the documents with all valid original signatures within six (6) months of the date of the Note, the CDC must assign the original signed documents to SBA and submit the original assigned documents to the appropriate SBA Servicing Center.

B. *Collateral/Security Documents:*

With respect to collateral/security documents that must be recorded, such as mortgages, deeds of trust, security agreements and Third Party Lender Agreements, SBA Lenders must comply with the requirements of the applicable local recording office with respect to acceptable signatures.

Additional Information

If electronic signatures are not feasible, when obtaining a wet ink signature without in-person contact, SBA Lenders must take appropriate steps to ensure the proper party has executed the document.

SBA Lenders must retain the required documents in accordance with SOP 50 10.

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

Questions

Questions concerning this Notice may be directed to the Lender Relations Specialist in the local SBA Field Office.

Patrick Kelley
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Office of Capital Access

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