



# SBA Procedural Notice

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**TO:** All SBA Employees and 7(a) Lenders

**CONTROL NO.:** 5000-866946

**SUBJECT:** Revisions to SOP 50 57 3.1 for SBA's Processing of Lender Guaranty Purchase Requests and Certain Servicing Actions

**EFFECTIVE:** April 15, 2025

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The purpose of this Notice is to advise 7(a) Lenders and SBA employees of revisions to Standard Operating Procedure ("SOP") [50 57 3.1](#), 7(a) Loan Servicing and Liquidation.

SBA is revising the applicable SBA Loan Program Requirements that 7(a) Lenders must follow for purchase of the SBA guaranty and certain servicing actions. The revisions are consistent with 13 C.F.R. 120.180 and SBA's longstanding historical practice. Unless otherwise provided for below, for the purposes of determining Lender compliance with SBA Loan Program Requirements regarding loan making, loan closing, and loan modifications that took place on the date of or prior to full disbursement, SBA will apply the requirements of SOP 50 10 in effect when the Loan was approved in ETRAN, and for all other servicing actions that took place after full disbursement, SBA will apply the requirements of SOP 50 57 in effect when the servicing action was taken. The changes will apply to all guaranty purchase and servicing decisions made by SBA on or after the effective date of this Notice.

The revisions to SOP 50 57 3.1 are as follows:

- **Chapter 7, G. 2 (page 71), remove:**

Remove "(2) the general requirements in SOP 50 10 with regard to Loan increases are met" **and replace with:**

"(2) the general requirements in SOP 50 10 *in effect when the Loan was approved* with regard to Loan increases are met".

- **Chapter 9, D. 2 (page 82), remove:**

"SOP 50 10 *in effect at the time the Loan Action is taken*" **and replace with:**

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*“SOP 50 10 in effect when the Loan was approved”.*

- **Chapter 10, D. 2 (page 86), remove:**

*“SOP 50 10 in effect when the action is taken” and replace with:*

*“SOP 50 10 in effect when the Loan was approved”.*

- **Chapter 24, A. Note (page 196), remove:**

*“For the purposes of determining Lender compliance with SBA Loan Program Requirements, SBA will apply the requirements of SOP 50 10 and SOP 50 57 in effect at the time of SBA’s guaranty purchase review unless these requirements result in a determination that is more restrictive upon the Lender than the SOP requirements in effect when the Lender action was taken” and replace with:*

*“For the purposes of determining Lender compliance with SBA Loan Program Requirements for SBA’s guaranty purchase review, SBA will apply the requirements of SOP 50 10 in effect when the Loan was approved for loan making, loan closing, and loan modifications that took place on the date of or prior to full disbursement, and SBA will apply the requirements of SOP 50 57 in effect when the servicing action was taken for servicing actions taken after full disbursement.”*

- **Chapter 25, G. 6(a) (page 210), remove:**

*“If a Lender requires an equity injection and as part of its standard processes for similarly-sized, non-SBA guaranteed commercial loans verifies the equity injection, it must do so for its SBA Loans. However, the Lender may use its discretion to reduce the amount of equity and/or equity injection required if it determines that the Applicant needs leverage that exceeds the Lender’s conventional requirements. If a Lender does not require an equity injection as part of its standard processes for similarly-sized non-SBA guaranteed commercial loans, SBA will not require the Lender to do so for its SBA loans. Lenders that only make SBA Loans must document their compliance with the policies they submitted to SBA in conjunction with their application to become an SBA Lender. For Loans that finance a change in the ownership of a business, Lenders must provide evidence that the equity injection satisfies SBA requirements for such Loans. (See SOP 50 10 for additional guidance.)” and replace with:*

*“If there was an Early Default on the loan, documentation verifying that any equity injection required by the Loan Authorization, ETRAN Terms and Conditions, or other loan documents was made and that it came from a source consistent with SOP 50 10 in effect when the Loan was approved, must be included in the Lender's Purchase Package.”*

- **Chapter 25, G. 6(b) (page 210), remove:**

*“A Lender's failure to properly document a material portion of any injection of cash or non-cash equity into the Borrower's business that was required by the standard processes the Lender uses for its similarly-sized, non-SBA guaranteed commercial loans, raises a rebuttable presumption that the Early Default was caused by the absence of the required equity injection and justifies a full Denial of Liability on the SBA guaranty. To rebut the presumption, the Lender must provide credible evidence that the primary cause of the Borrower's Default was something other than the lack of the required equity injection, e.g., the death of an irreplaceable Key Employee or an uninsured natural disaster that destroyed the Borrower's business premises and customer base.”* **and replace with:**

*“A Lender's failure to properly document a material portion of any injection of cash or non-cash equity into the Borrower's business that was required by the Loan Authorization, ETRAN Terms and Conditions, or other loan documents raises a rebuttable presumption that the Early Default was caused by the absence of the required equity injection and justifies a full Denial of Liability on the SBA guaranty. To rebut the presumption, the Lender must provide credible evidence that the primary cause of the Borrower's Default was something other than the lack of the required equity injection, e.g., the death of an irreplaceable Key Employee or an uninsured natural disaster that destroyed the Borrower's business premises and customer base.”*

- **Chapter 25, G. 6 (f) (page 211), remove:**

*“If the Lender or SBA requires an equity injection, the Lender must use the same processes to verify the equity injection it uses for its similarly-sized, non-SBA guaranteed commercial loans.”* **and replace with:**

*“The lender must provide credible evidence that an equity injection came from a source consistent with SOP 50 10 in effect when the Loan was approved.”*

SBA will update the Universal Purchase Package used by Lenders to request that SBA honor its guaranty on any Loan approved under the 7(a) Loan program to reflect these changes.

**Questions:**

Questions concerning this Notice may be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

Thomas Kimsey  
Associate Administrator  
Office of Capital Access

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