

As of November 13, 2024

PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions on Forgiveness Loan Reviews and Guaranty Purchases

The Small Business Administration (SBA) is providing this guidance to address borrower and lender questions concerning forgiveness loan reviews and guaranty purchases of Paycheck Protection Program (PPP) loans, as provided for under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended by the Paycheck Protection Program Flexibility Act (Flexibility Act), the Economic Aid Act (EAA), and the American Rescue Plan Act (ARPA).

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act, Flexibility Act, EAA, ARPA, and the Paycheck Protection Program Interim Final Rules. Where used in this document, "PPP Loan Program Requirements" means sections 7(a)(36), 7(a)(37) and 7A of the Small Business Act, any rules or guidance that have been issued by SBA implementing the PPP, and any other applicable Loan Program Requirements, as defined in 13 CFR § 120.10, as amended.

1. Question: What is the process for SBA's forgiveness loan reviews and guaranty purchase reviews? What drives the SBA review timeline?

Answer: To receive loan forgiveness, on a PPP Loan, a borrower must complete and submit a loan forgiveness application to their lender directly or to SBA through the [Direct Borrower Forgiveness Platform](#). To receive a guaranty purchase on a PPP loan, a lender must complete and submit a guaranty purchase request through [SBA's PPP Platform](#). Once all of the required information is submitted, SBA reviews these applications and requests. Generally, the reviews are driven by risk, with higher-risk loans receiving more in-depth reviews. Some reviews are related to potential fraud and require engagement with the Department of Justice and/or SBA's Office of Inspector General (OIG).

During any of these reviews, SBA may request documentation from the lender (or the borrower through the lender) to complete the review. A Lender's or borrower's responsiveness to these requests can significantly impact the review timeline.

Lenders with questions about forgiveness loan reviews can contact SBA via email at PPPForgivenessRequests@sba.gov or through the Platform Inbox. Lenders with questions about a guaranty purchase request can contact SBA via email at PPPLoanPurchase@sba.gov or through the Platform Inbox.

Lenders can view information on each PPP loan in ETRAN, which tracks every loan and its status: current, delinquent, or charged-off. A lender that cannot locate a loan status in ETRAN, or who has questions regarding the loan status, should contact the SBA Servicing Centers: fsc.ppp@sba.gov & lpsc.collections@sba.gov. The borrower’s state determines which SBA Servicing Center is handling the loan:

Servicing Center	State
Fresno CLSC fsc.ppp@sba.gov	Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Utah, Washington, Wisconsin, Wyoming
Little Rock CLSC lpsc.collections@sba.gov	Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, The US Virgin Islands, Vermont, Virginia, Washington DC, West Virginia

The process for SBA’s forgiveness loan reviews is set forth in the PPP Loan Program Requirements previously issued by SBA, including the [Interim Final Rule on Loan Forgiveness Requirements and Loan Review Procedures as Amended by Economic Aid Act \(86 FR 8283, February 5, 2021\)](#) and the [Interim Final Rule on COVID Revenue Reduction Score, Direct Borrower Forgiveness Process, and Appeals Deferment \(86 FR 40921, July 30, 2021\)](#).

The process for SBA’s guaranty purchase reviews is set forth in the PPP Loan Program Requirements previously issued by SBA, including [SBA Procedural Notice 5000-812316, SBA Guaranty Purchases and Lender Servicing Responsibilities for PPP Loans](#) (Effective July 15, 2021) and [SBA Procedural Notice 5000-835955, Extension and Revision of SBA Guidance on Guaranty Purchases and Lender Servicing Responsibilities for PPP Loans](#) (Effective October 5, 2022). Lenders are also directed to 13 CFR 120.520 and 13 CFR 120.524.

2. Question: What does SBA check for in a manual guaranty purchase review?

Answer: For a lender to receive a guaranty purchase, a lender must submit a complete guaranty purchase request through the PPP Platform and demonstrate they fulfilled each of the underwriting requirements for PPP loans (see below), and for PPP loans originated in 2021, properly addressed any Compliance Check Error Messages at the time of origination.¹

¹ See, SBA Procedural Notice 5000-20083, SBA Paycheck Protection Platform Procedures for Addressing Unresolved Issues on Borrower First Draw PPP Loans (Effective January 26, 2021), SBA Procedural Notice 500-20092, Revised SBA Paycheck Protection Platform Procedures for Addressing Hold Codes on First Draw PPP Loans and Compliance Check Error Messages on First Draw PPP Loans and Second Draw PPP Loans (Effective February 10, 2021), and SBA Procedural Notice 5000-808216, Second Notice of Revised Procedures for Addressing Hold Codes and Compliance Check Error Messages on PPP Loans (Effective March 29, 2021).

Additionally, the lender must comply with the document collection and retention requirements described in the lender application forms (SBA Forms 2484 and 2484-SD). When these requirements are satisfied, SBA will approve the guaranty purchase request.

As discussed in SBA Procedural Notice 5000-812316, the Lender must demonstrate compliance with the underwriting requirements for the PPP program. During a manual review, SBA may review the following documentation (non-exhaustive list of examples):

- I. Signed Borrower Application SBA Form 2483, 2483-SD, 2483-C, or lender's equivalent, as applicable, with all required certifications.
- II. Borrower identity verification/Know Your Customer/Bank Secrecy Act.
- III. Proof of existence of business/demonstration that business was either an eligible self-employed individual, independent contractor, or sole proprietorship, or had employees for whom they paid salaries and payroll taxes on or around February 15, 2020.
- IV. Supporting documentation demonstrating the dollar amount of average monthly payroll for 2019 or 2020 used to calculate the loan amount.
- V. For Second Draw PPP Loans, demonstrate compliance with the lender requirements on verification of revenue reduction.
- VI. For loans originated in 2021 that had a Compliance Check Error Message at origination, supporting documentation used by the lender to resolve the Compliance Check Error Message.
- VII. For loans flagged by SBA as potential duplicates, documentation to demonstrate that the correct information was provided to SBA at origination.

For further information on underwriting (“PPP Underwriting Requirements”), lenders may refer to:

- [The First PPP Interim Final Rule \(85 FR 20811, April 15, 2020\).](#)
- [The Interim Final Rule on Paycheck Protection Program as Amended by Economic Aid Act \(86 FR 3692, January 14, 2021\).](#)
- [The Interim Final Rule on Paycheck Protection Program Second Draw Loans \(86 FR 3712, January 14, 2021\).](#)

3. Question: What information does SBA require to demonstrate lender compliance with each PPP Underwriting Requirement for a manual guaranty purchase review?

Answer: SBA accepts all authentic and appropriate documentation to demonstrate that the lender complied with the PPP Underwriting Requirements. The following list is not exhaustive, but includes common documents accepted for each requirement. In all cases, unsigned documents that required signatures (e.g., tax forms) and documents that appear to be fraudulent are not accepted. If a lender has a question about whether an item is acceptable for an SBA document

request, the lender should reach out to the applicable SBA Servicing Center through the PPP Platform Inbox. The applicable SBA Servicing Center is listed in FAQ 1.

- I. Signed SBA Form 2483 with all required certifications.
- II. Acceptable examples for borrower identity verification: Driver's license, passport, or other valid identification. If the lender's policy does not require collection of identification, then evidence the lender followed BSA/KYC or equivalent policy to identify borrower or evidence or attestation that the borrower was an existing customer.
- III. Acceptable examples for existence of business or eligible self-employed individual, independent contractor or sole proprietorship:
 - a. Existence of the business: one or more - Filed tax form in the business name, Secretary of State Filings, business bank statements, business license
 - b. Demonstration that business was either an eligible self-employed individual, independent contractor or sole proprietorship or had employees for whom they paid salaries and payroll taxes on or around Feb, 15, 2020: 2019 and/or Quarter 1 2020 IRS payroll-related tax forms such as 941s, State payroll tax forms, third party payroll documentation, bank statements showing relevant business activity, or paid business-related invoices.
- IV. Acceptable examples demonstrating dollar amount of 2019 or 2020 average monthly payroll used to calculate loan amount: IRS forms including Schedule C for sole proprietors, Schedule K-1 for partnership, Form 1120, Form 940 or 941s, third party payroll reports, or state quarterly wage reporting forms.
- V. Acceptable examples demonstrating analysis of Revenue Reduction for Second Draw loans, if required: Documentation to demonstrate the 25% reduction in revenue between 2019 and 2020, such as the borrower's quarterly gross receipts for one quarter in 2020 and the borrower's gross receipts for the corresponding quarter of 2019, profit and loss statements for similar quarters, or revenue documentation such as P&L statements for all of 2019 and 2020.
- VI. While this is not an underwriting requirement, when required, the Lender must provide acceptable documentation contained in the Lender's file used to resolve Compliance Check Error Messages (see footnote 1).

4. Question: How long does a lender have to respond to a PPP guaranty purchase manual review document request?

Answer: SBA provides lenders thirty calendar days to respond to document requests for PPP guaranty purchase manual reviews. Consistent with 13 CFR 120.520(b), after thirty calendar days, SBA will issue a decision on the PPP guaranty purchase based on all information received to date from the lender.

SBA will contact lenders with existing PPP guaranty purchase document requests to set updated loan-specific deadlines. The new deadlines will provide at least thirty calendar days for lenders

to submit the requested documentation and may be issued in batches for lenders with large backlogs.

5. Question: What is the reconsideration process for a PPP guaranty purchase manual review?

Answer: The Associate Administrator for the Office of Capital Access makes all final guaranty purchase denial and repair decisions. SBA is committed to ensuring the correct decision for each PPP guaranty purchase manual review. For any PPP guaranty purchase denial, SBA will issue a preliminary guaranty purchase denial decision to the lender. If a lender believes it has received a preliminary guaranty purchase denial decision in error, the lender may request SBA reconsideration. To do so, the lender must submit a detailed written explanation as to why it believes the preliminary guaranty purchase denial decision was made in error and provide supporting documentation in an email through the PPP Platform Inbox using the drop-down option “Guaranty Purchase Inquiry.” See, 13 CFR 120.520 and 13 CFR 120.524. Guaranty purchase denials are not eligible for appeal through SBA’s Office of Hearings and Appeals (OHA).

6. Question: What is the process for a borrower to file a PPP forgiveness appeal?

Answer: A borrower can file a PPP forgiveness appeal through the [appeals section of the SBA website](#) only after SBA has issued an appealable final loan review decision denying forgiveness in whole or in part. The borrower appeal process takes place through SBA’s Office of Hearing and Appeals (OHA) and is governed by SBA’s regulations at 13 CFR Part 134, Subpart L. To file and manage an appeal with OHA, refer to the OHA Case Portal at <https://appeals.sba.gov>.

Among other requirements, an appeal petition must be filed with OHA within 30 calendar days after the borrower's receipt of the final SBA loan review decision. 13 CFR 134.1202(a). The borrower must provide their lender with a copy of the timely appeal petition upon filing in order for the lender to extend the deferment period of the PPP loan (if applicable) until a final decision is issued by OHA. 13 CFR 134.1202(b). The borrower’s appeal petition must include a full and specific statement as to why the final SBA loan review decision is alleged to be erroneous, together with all factual information and legal arguments supporting the allegations. 13 CFR 134.1204(a)(2).

The OHA Judge will issue his or her decision within 45 calendar days after the close of record, as practicable. 13 CFR 134.1211. As a best practice, SBA recommends the borrower notify its lender of the OHA decision at the conclusion of the appeal.

For additional questions to OHA, reach out to OHAPPPinquiries@sba.gov.

7. Question: How is SBA working through loans in which the borrower repaid some portion of the loan and THEN received full forgiveness? What happens if the portion was paid to the lender, SBA, or Treasury (Bureau of the Fiscal Service)?

Answer: In all instances where a borrower repaid some portion of the loan and THEN received full forgiveness, SBA will issue a remittance to the lender or the borrower for the refund. If the borrower made a payment to the lender, SBA will issue a remittance to the lender and the lender must refund the borrower. If the borrower made a payment to the SBA or Treasury, SBA will issue a remittance to the borrower. Borrowers should contact the SBA Servicing Center assigned to their state to resolve any questions. (See FAQ 1 for which state the loan is associated with to know which SBA Servicing Center to contact.)

8. Question: If a borrower fully repaid a lender and later qualified for forgiveness, who is responsible for refunding the borrower?

Answer: The lender is responsible. In all instances where a borrower repaid a lender all of the loan and THEN received full forgiveness, SBA will issue a remittance to the lender and the lender must refund the borrower.

9. Question: What should a borrower do if they owe a partial repayment on a PPP loan, but cannot afford to repay in one payment?

Answer: If a borrower received partial forgiveness, they must repay the lender for the remaining balance, including accrued interest. The borrower should work with their lender to set up a repayment plan that is acceptable for both parties. Per SBA SOP 50 57 3, Chapter 14, Paragraph F, Paycheck Protection Program (PPP) Loans, Subparagraph 2. PPP Loan Servicing Actions, lenders may extend the maturity date for a PPP Loan for an additional 10 years beyond the original maturity date, to aid in the orderly repayment of the loan. Lenders have unilateral authority to negotiate with borrowers to enter into a workout agreement for repayment of the outstanding balance of a PPP Loan, regardless of whether SBA has purchased the guaranty. Once the PPP guaranty has been purchased by the SBA and SBA charges off the loan, the borrower will have a window to work with the SBA on a repayment plan before the loan becomes subject to servicing by Treasury. The borrower may contact the appropriate SBA Servicing Center, depending on the borrower's location (see FAQ 1).

10. Question: How can a lender see a PPP loan's forgiveness status in process?

Answer: Lenders can view this information in the PPP Platform (<https://forgiveness.sba.gov>). For technical assistance and password resets email help@ussbaforgiveness.com.

11. Question: What happens if a loan is forgiven after SBA has purchased the Guaranty?

Answer: SBA will convert the forgiven amount from Guaranty Purchase to Forgiveness and send a notice to the lender stating the amount of the loan forgiven. If the loan is forgiven in full, no additional action is required by the lender or borrower. If the loan is partially forgiven, the borrower should work with the lender to repay any remaining balance after forgiveness.

12. Question: How does SBA account for the interest portion of payments made by borrowers on PPP loans before the loan was forgiven? Does SBA pay accrued interest on PPP loans that are forgiven?

Answer: When SBA forgives a loan in full, the internal system calculates the interest accrued for that loan. At the time of full forgiveness, the SBA forgives the principal balance and all interest on the loan and remits the amount to the lender. The lender must apply the remittance to the borrower's loan.

13. Question: How does SBA account for loans in the forgiveness appeals process at OHA?

Answer: These loans maintain their full or partial forgiveness denial status unless OHA reverses SBA's final loan review decision. Pursuant to Procedural Notice 5000-812316, SBA Guaranty Purchases and Lender Servicing Responsibilities for PPP Loans (Effective July 15, 2021), a lender can request a guaranty purchase starting 60 days after the borrower has filed its appeal with OHA. For questions on the status of an appeal, borrowers can contact OHAPPPinquiries@sba.gov.

14. Question: What should a lender report to SBA when a borrower has agreed to the resumption of regular payments after SBA has purchased the guaranty?

Answer: Lenders must notify the appropriate SBA Servicing Center when a borrower has agreed to the resumption of regular payments after SBA has purchased the guaranty. Lenders must provide the relevant terms of the payment agreement including, but not limited to:

- 1) Payment amount
- 2) Payment frequency
- 3) Interest rate
- 4) Maturity Date

Lenders must send the full amount of post-purchase payments to SBA via Pay.Gov (<https://www.pay.gov/>) using the payment code 172. When submitting the payment, Lenders should select "Paycheck Protection Program (PPP)" from the four choices listed under the Type of Payment. This will allow for 100% of the payment to be remitted to SBA and applied to the loan.

15. Question: Will Lenders be notified when a borrower submits a forgiveness application to the Direct Borrower Forgiveness Platform?

Answer: No, Lenders must regularly check the PPP Platform for new direct borrower forgiveness submissions and messages from the SBA forgiveness team. For technical assistance and password resets email help@ussbaforgiveness.com.