



SBA Procedural Notice

TO: All SBA Employees and 7(a) Lenders

CONTROL NO.: 5000-829036

SUBJECT: Revised Guidance on Requests for 7(a) Loan Increases to Loans Approved on or before December 27, 2020

EFFECTIVE: February 16, 2022

The purpose of this Notice is to revise the guidance provided in SBA Procedural Notice 5000-823852, “Guidance on the Implementation of the Section 1112 Debt Relief Program for the 7(a) and 504 Programs, Including the Availability of Funds for Section 1112 Payments and the Return of Payments Made for Ineligible Loans; and on Loan Increases Requested on or after October 1, 2021”, effective December 6, 2021, with respect to requests for 7(a) loan increases that were approved on or before December 27, 2020. In the Notice, SBA announced that for any 7(a) loan that was approved on or before September 30, 2021, SBA will not approve any request for an increase to the 7(a) loan on or after October 1, 2021.

SBA is revising this guidance as follows:

- In accordance with SOP 50 10 6, Part 2, Section B, Chapter 5, paragraph B.6, Lenders may request an increase to a 7(a) loan that was approved before December 27, 2020, provided the loan either has received all Section 1112 payments for which it was eligible for, or the loan was not eligible to receive any Section 1112 payments.
- For guidance on loan eligibility for Section 1112 payments and the number of months for which the loan is eligible to receive Section 1112 payments, Lenders should refer to SBA Procedural Notice 5000-20079, “Guidance on the Implementation of the Extension of the Section 1112 Debt Relief Program for the 7(a) and 504 Loan Programs, as Authorized by Section 325 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act”, effective January 19, 2021, and SBA Procedural Notice 5000-20095, “Adjustment to Number of Months of Section 1112 Payments in the 7(a), 504 and Microloan Programs Due to Insufficiency of Funds”, effective February 16, 2021.
- For loans approved under non-delegated processing, Lenders must submit to SBA a certification with their request for the loan increase in which the Lender certifies either that the loan has received all of the Section 1112 payments for which the loan is eligible or that the loan is not eligible to receive any Section 1112 payments.

- For loans approved under a Lender's delegated authority whereby the Lender obtains approval for increases in the loan amount directly in E-Tran, the Lender must retain in the loan file its certification that the loan has received all of the Section 1112 payments for which the loan was eligible or that the loan is not eligible to receive any Section 1112 payments. SBA may review the documentation supporting the increase when conducting lender oversight activities and at time of guaranty purchase.
- In accordance with 7(a) program requirements, any loan increase approved in FY2022 that results in a gross loan amount in excess of \$350,000 will be charged the origination and servicing fee in effect at the time the original loan was approved.

Questions

Questions on this Notice may be directed to the Lender Relations Specialists in the [local SBA Field office](#).

John A. Miller
Deputy Associate Administrator
Office of Capital Access