

SBA Now Requires Single Loan Disbursement

The SBA issued another Interim Final Rule last night, April 28, 2020, confirming how a Paycheck Protection Program (PPP) loan must be disbursed.

Key Highlights:

- Lenders must disburse PPP loan proceeds in one single disbursement 10 days from SBA approval.
- Lenders file SBA Form 1502 to confirm PPP loan details - form not yet available.

Lender must make a one-time, full disbursement of the PPP loan within ten calendar days of loan approval. A loan is considered approved when a loan number is assigned by the SBA. For loans that received an SBA loan number prior to April 28, 2020, but have not yet been fully disbursed, the ten calendar-day period begins on April 28, 2020. The eight-week covered period begins on the date of first disbursement. Lenders are not responsible for delays in disbursement attributable to a borrower's failure to timely provide required loan documentation. Borrowers have 20 calendar days from loan approval to complete documentation or the loan will be cancelled. When disbursing loans, lenders must send any amount of loan proceeds designated for the refinance of an EIDL loan directly to the SBA and not to the borrower.

SBA Form 1502 (not yet available) will be used by lenders to report PPP loan details and to collect the processing fee on fully disbursed PPP loans. This form is required within 20 calendar days after a PPP loan is approved or by May 18, 2020. A lender will not receive a processing fee: (a) prior to full disbursement of the PPP loan; (b) if the PPP loan is cancelled before disbursement; or (c) if the PPP loan is cancelled or voluntarily terminated and repaid after disbursement (including if a borrower repays the PPP loan proceeds to conform to the borrower's certification regarding the necessity of the PPP loan request. See our outline of the certification requirements as part of the SBA Frequently Asked Questions here: [SBA Frequently Asked Questions](#).

See, Interim Final Rule, dated April 28, 2020: [Interim Final Rule Document](#)

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