

# FAQs

## Notes Modifications

Question	Answer
<p><b>1. What is a note modification?</b></p>	<p><i>A note modification enables lenders to change the terms of an existing note. To modify a note, the FTA will contact the SBA Secondary Markets investor(s) on behalf of the lenders, and approval from the investor(s) is required.</i></p>
<p><b>2. When is a note modification necessary?</b></p>	<p><i>When you need to change the original note terms including but not limited to the interest rate and maturity date.</i></p>
<p><b>3. What is the process to complete a note modification?</b></p>	<p><i>You will need to first submit the note modification request, then the FTA customer service team will review it and send to the SBA Secondary Markets Investors for approval.</i></p> <p><i>Once the FTA hears back from the Investors, lenders will be notified and allowed time to respond before the FTA proceeds with any changes.</i></p>
<p><b>4. How should I submit the note modification requests?</b></p>	<p><i>There are two options to submit modification requests:</i></p> <p><i>1) Log into your CAFS account, go to FTA portal and the Customer Service Online Request (CSOR). In CSOR, please provide a single loan number and your desired changes in terms, then submit the request.</i></p> <p><b>OR</b></p> <p><i>2) Send an email to <a href="mailto:FTA@sba.gov">FTA@sba.gov</a> with your SBA GP Number, the new terms requested and a brief explanation of why a change is needed.</i></p> <p><i>Please note that an explanation or background information for the modification is preferred but not required for both methods.</i></p>



<b>5. What is the timeline for the process?</b>	<i>The SBA allows up to 10 business days for the Investors to review and make an approval or rejection of each request.</i>
<b>6. Does the modification affect 1502 reporting?</b>	<i>It will affect your 1502 reporting if the approved note modification changes the interest rate or grants the borrower a deferment.</i>  <i>For these types of changes, you will need to ensure they are reflected in the next month's 1502 report(s). If you have further questions, please reach out to <a href="mailto:FTA@sba.gov">FTA@sba.gov</a>.</i>
<b>7. What if the modification is denied?</b>	<i>In case of note modification denial, you will have the option to repurchase the loan from the Secondary Market. Once SBA approves the repurchase, you can send the funds to the FTA. This is similar to the Payoff process.</i>  <i>Please also note that SBA does not always approve repurchasing under these circumstances described in <a href="#">SBA form 1086 – Emergency Repurchase</a> (Article VII, Section 7.6)</i>
<b>8. What if both the modification and repurchase requests are denied?</b>	<i>In this case, you must keep servicing the loan on the Secondary Market until borrower decides to refinance and/or pay off the loan.</i>