

## Renewals and Updates of SBA Form 1086, 1502, 1088

SBA announces the renewals and updates to SBA Form 1086, SBA Form 1502 as approved under OMB Control Number 3245-0185, version December 2023 (12-23); and SBA Form 1088 as approved under OMB Control Number 3245-0212, version November 2023 (11-23).

SBA Form 1086, Secondary Participation Guaranty Agreement (Form 1086), is the mandatory contractual agreement between the lender, investor (Registered Holder), SBA, and its Fiscal Transfer Agent (FTA) for the initial sale of the guaranteed portion of an SBA 7(a) loan in the secondary market.

SBA Form 1502, the Guaranty Loan Status & Lender Remittance Form (Form 1502), is completed monthly by lenders to report the status of all SBA 7(a) loans with an outstanding SBA guaranty, and to remit fees and payments to the FTA.

SBA Form 1088, Form of Detached Assignment (Form 1088), is used by current registered holders to assign and transfer ownership in SBA certificates to secondary purchasers on the books and records of the FTA.

These revised forms supersede all prior versions. The purpose of this notice is to communicate the effective dates and related changes of each form.

### SBA Form 1086 (12-23)

Lenders may use [Form 1086 \(12-23\)](#) to sell the guaranteed portion of an SBA 7(a) **on or after August 1, 2024**. SBA will allow a 30-day grace period from the effective date for Lenders to begin using the new version of the form. All documentation sent to the FTA's [SettlementExpress@sba.gov](mailto:SettlementExpress@sba.gov) inbox **on or after September 3, 2024**, must include the December 2023 version for the sale of the loan in the secondary market to continue. Prior versions of Form 1086 will be returned to sender for proper resubmission. No exceptions will be provided to this deadline.

SBA made format and content changes to Form 1086. The collection of loan, sale, and rate information has been reorganized and streamlined into formatted data tables to reduce the burden of completing this form. Some of the more significant content revisions are highlighted in this communication. By executing the Form 1086, the lender, registered holder, SBA, and its FTA agree to all the provisions contained in this revised agreement.

#### Section 1.2. Lender / Borrower Information

SBA removed the *Date of 750 Agreement (MM/DD/YYYY)* field. This information is maintained by SBA in the Capital Access Financial System (CAFS)

#### Section 1.2. Loan Information



- SBA replaced the *SBA Loan Authorization Date (SBA form 529)* field with the *SBA Approval Date (MM/DD/YYYY)*. In accordance with SBA Procedural Notice 5000-846991, the loan authorization was removed, effective May 12, 2023. The SBA Approval Date represents the date the SBA loan number was issued in ETRAN.
- LIBOR was removed as an acceptable secondary market base rate in accordance with SBA Procedural Notice 5000-846399.

## **Section 1.8. Certificate Issuance**

SBA removed the SBA Servicing Office Code table. Lenders no longer need to choose which center a written notification to or demand upon SBA shall be made to through the FTA pursuant to the agreement. This information is maintained by SBA in CAFS.

## **Section 2.1. Lender Considerations**

SBA added two additional provisions, relabeled as paragraphs (j) and (n).

- Paragraph (j) requires lenders to certify that they have through reasonable diligence, and prudent actions, verified with the Borrower that the Borrower has no intention at the time of loan sale to pay down or prepay the loan. The paragraph further requires lenders to explore all possible means to avoid paydowns or prepayments of a secondary market loan with another.
- Paragraph (n) confirms in accordance with SBA Information Notice 5000-848663, that “the loan may not be sold into the secondary market until all required licenses required to operate the business are obtained.”

## **Section 7.3. Advanced Written Notice from Lender**

SBA updated this section to reflect the mandatory procedure to provide the written notice and prepayment certifications through the CAFS 10 Day notice Processing application. An application [user guide](#) may be found on the FTA Wiki.

## **Section 7.4. Performance**

SBA clarified the separate lender accrued interest obligations for partial prepayment and full prepayment.

- For partial prepayment, lender must include accrued interest through the calendar day prior to the borrower partial prepayment date.
- For full prepayment, lender must include accrued interest through latter of the calendar day prior to the date the FTA receives the full prepayment or the calendar day prior to the prepayment date established by the advanced written notice from Section 7.3 of the form.

## **Privacy Act Statement**

SBA added a Privacy Statement at the end of Form 1086.

## SBA Form 1502 (12-23)

Lenders may use [Form 1502 \(12-23\)](#) for the Month-End July 31, 2024, report period **no later than** the published 7(a) Form 1502 and PPP Form 1502 **August 2024 due dates**. Lenders must use Form 1502 (12-23) for the Month-End August 31, 2024, report period **no later than** the published 7(a) Form 1502 and PPP Form 1502 **September 2024 due dates**.

SBA made minor content changes to Form 1502 that did not alter the existing column format or reporting instructions through the CAFS 1502 Gateway.

### Status Codes

SBA removed Status Code 7, Transferred, in accordance with SBA SOP 50 10, SBA SOP 50 57, and Office of Capital Access procedures for transfer of guaranty between participating lenders. Lenders should not report Status Code 7 on Form 1502.

### Privacy Act Statement

SBA added a Privacy Statement at the bottom of Form 1502.

## SBA Form 1088 (12-23)

Registered Holders may present [Form 1088 \(11-23\)](#) and described registered certificate for transfer and registration into the Assignee's name to the FTA **on or after August 1, 2024**. SBA will allow a 30-day grace period from the effective date for Registered Holders to begin using the new version of the form. All transfer documentation received via overnight mail at the FTA **on or after September 3, 2024**, must include the November 2023 version for the secondary market transfer to continue. Prior versions of Form 1088 will be returned to sender for proper resubmission. No exceptions will be provided to this deadline.

Pursuant to SBA Form 1086, Section 4.3, the effective date of any transfer is the date the transfer is completed on the FTA central registry. Transfer documentation requiring resubmission may not be registered as of the close of business on the Record Date, the last business day of the month.

Any adjustments between transferee and the transferor are their responsibility and obligation.

SBA made no changes to Form 1088, except for the addition of a Privacy Act Statement at the end of the form.

## Questions

For questions or concerns relating to this matter, please contact the FTA Client Service Team at [fta@sba.gov](mailto:fta@sba.gov) or via the toll-free hotline at (877) 470-0722.

To receive FTA Program Communications, click [here](#).