



## Updates to Secondary Market Late Payment Penalty Calculation

Beginning in September 2023, all 1502 secondary market payments with a late penalty assessed will use the simplified one-part calculation regardless of the version of the SBA Form 1086 used to settle the underlying loan.

**One Part Calculation:** Greater of (\$100 or 5% of the Remitted Amount)

The \$5,000 cap per lender per billing cycle still applies. Lenders will continue to receive late penalty bills from [latepenalty@sba.gov](mailto:latepenalty@sba.gov) on or around the 20th of each month for the prior month's due date. Late Penalties are due to the FTA with the lender's next monthly Form 1502 under "Remittance Penalty (if any)". Outstanding late penalty bills are still due as originally assessed and SBA maintains the right to withhold funds from a future secondary market loan settlement, or any payment due to lender, to offset outstanding late penalty fees, as needed.

### SBA Form 1502 Due Date

SBA Form 1502 loan and payment reporting for 7(a) loans is due on the 3rd calendar day of the month, or the next business day if the 3rd is not a business day. The SBA allows a grace period of an additional two business days after the due date.

#### Due Date Example

The due date for August 2023 month end reporting is Tuesday, September 5th since September 3rd is a Sunday, and the next day is Labor Day (not a business day). With the two-business day grace period, the **final** due date is Thursday, September 7, 2023.

The schedule of final reporting due dates is posted to the [FTA Wiki](#) under SBA Form 1502 Reporting.

### Late Penalty Issuance

If the FTA does not receive the Lender remittance, including complete payment information as specified in Section 3.5 of SBA Form 1086, by the second business day (grace period) after the FTA Due Date, the Lender must pay a late penalty to the SBA (collected by the FTA).

### Sample Late Penalty Calculation

Below is a sample calculation for a secondary market payment of \$6,500 due to FTA on SBA Form 1502 by 9/7/2023. The FTA received the lender late payment on or after 9/8/2023.

| Sample Calculation          | Total |
|-----------------------------|-------|
| MAX (\$100(0.05 X \$6,500)) | \$325 |

### Questions

- For questions relating to the new calculation, please contact the Late Penalty Team at [latepenalty@sba.gov](mailto:latepenalty@sba.gov)
- For questions relating to 1502 processing, please contact the FTA Client Service Team at [1502@sba.gov](mailto:1502@sba.gov) or via the toll-free hotline at (877) 470-0722, Option 1.