



SBA Procedural Notice

TO: All SBA Employees, PPP Borrowers, PPP Lenders, and Other Financial Intermediaries

CONTROL NO.: 5000-851892

SUBJECT: Guidance on the Return of Paycheck Protection Program (PPP) Loan Funds

EFFECTIVE: December 18, 2023

The purpose of this Notice is to provide guidance to Borrowers, Lenders, and Other Financial Intermediaries on the return of Paycheck Protection Program (PPP) loan funds to SBA. This Notice also provides PPP Lenders with guidance on their responsibility to accept returned PPP loan funds.

Depository Institutions

Depository institutions should follow regulator guidance and other applicable law for handling PPP loan deposits that are suspected to be fraudulent. To the extent that any such funds are subject to a seizure order or similar legal process, the depository institution should follow the requirements of the seizure order. Depository institutions that received PPP loan disbursements from PPP Lenders and are holding the funds due to a suspicion of fraud, shall, if appropriate, return the PPP loan proceeds to the PPP Lender that disbursed the PPP loan and notify the SBA Office of Credit Risk Management (OCRM). The depository institution should not return the funds to SBA. PPP Lenders that receive such funds from depository institutions should follow the instructions below for return of PPP funds, if SBA has remitted a Forgiveness or Guaranty Purchase payment to the PPP Lender.

PPP Lenders – Loan Payment Administration

If a Borrower makes a voluntary payment or returns PPP loan funds or a PPP Lender receives a return of funds from a depository institution, the PPP Lender must accept those funds regardless of the loan's status. If the PPP loan has been forgiven or purchased by SBA, the PPP Lender must return the funds to SBA within 15 business days of receipt. Lenders are reminded that OCRM may conduct reviews to ensure lenders are compliant with stated SBA procedures, including a confirmation that all PPP funds returned to lenders have been reported and remitted to SBA in a timely manner.

PPP Lenders that receive a remittance from a PPP Borrower or depository institution are advised to use Table 1 below to determine how to apply the remittance¹ and return the remittance to the SBA, if applicable. Specific instructions are provided below the table for lenders who receive payments related to suspected or confirmed fraudulent loans.

Note that for payments on unforgiven balances on loans that have not been purchased by SBA, borrowers would be expected to make regular payments to the lender, and the lender would notify SBA through the normal 1502 process, rather than remit funds.

Table 1: Lender Instructions for Remitting Funds

SBA Guaranty Purchased? (Yes/No)	Forgiveness Status	Process
No	Loan has not been Forgiven ²	The Lender must <i>notify</i> SBA that the PPP loan funds have been returned by completing SBA Form 1502 Guaranty Loan Status & Lender Remittance Form (SBA Form 1502 and Instructions U.S. Small Business Administration). The Lender must apply the amount of the payment to the outstanding PPP loan balance.
Yes	Loan has not been Forgiven ²	The Lender must <i>remit</i> the funds to SBA by completing SBA Form 172 Transaction Report On Loan Servicing By Lender (Pay.gov - SBA Form 172 - SBA Transaction Report on Loan Serviced by Lender).
No	Fully Forgiven	PPP Lenders must follow a 2-step process to return forgiveness proceeds to SBA: 1. Create a receivable in the PPP Platform payment correction module ³

¹ [Procedural Notice 5000-812316](#) states that Lenders must service PPP loans until they are fully forgiven or paid in full or, in the event of a default or other qualifying event, until SBA purchases the guaranty and charges off any uncollectable remaining balance. The Notice also provides that the PPP Lender is responsible for remitting post-guaranty purchase payments received on the PPP loan to SBA.

² The loan has not been forgiven and there is not a submitted or pending forgiveness application.

³ For instructions on how to create a receivable in the PPP platform, sign into the PPP Platform; go to the Resources and Forums link, Lender User Guide, Forgiveness Payment Corrections Guide.

SBA Guaranty Purchased? (Yes/No)	Forgiveness Status	Process
		2. After receivable is created and the status of request is Eligible for Payment in the PPP Platform, funds can be remitted to SBA via SBA Form 1544 in Pay.gov (Pay.gov - SBA Form 1544 - Lender Fee Payments)
No	Partially Forgiven	<p>Forgiven Portion - PPP Lenders must follow a 2-step process to return forgiveness proceeds to SBA:</p> <ol style="list-style-type: none"> 1. Create a receivable in the PPP Platform payment correction module⁴ 2. After receivable is created and the status of request is Eligible for Payment in the PPP Platform, funds can be remitted to SBA via SBA Form 1544 in Pay.gov (Pay.gov - SBA Form 1544 - Lender Fee Payments) <p>Unforgiven Portion – The Lender must <i>notify</i> SBA that PPP loan funds have been returned by completing SBA Form 1502 Guaranty Loan Status & Lender Remittance Form (SBA Form 1502 and Instructions U.S. Small Business Administration). The Lender must apply the amount of the payment to the outstanding PPP loan balance.</p>
Yes	Partially Forgiven	<p>Forgiven Portion - PPP Lenders must follow a 2-step process to return forgiveness proceeds to SBA:</p> <ol style="list-style-type: none"> 1. Create a receivable in the PPP Platform payment correction module⁴

⁴ For instructions on how to create a receivable in the PPP Platform, sign into the PPP Platform; go to the Resources and Forums link, Lender User Guide, Forgiveness Payment Corrections Guide.

SBA Guaranty Purchased? (Yes/No)	Forgiveness Status	Process
		<p>2. After receivable is created and the status of request is Eligible for Payment in the PPP Platform funds can be remitted to SBA via SBA Form 1544 in Pay.gov (Pay.gov - SBA Form 1544 - Lender Fee Payments)</p> <p>Unforgiven Portion- The Lender must remit the funds to SBA by completing SBA Form 172 Transaction Report On Loan Servicing By Lender (Pay.gov - SBA Form 172 - SBA Transaction Report on Loan Serviced by Lender).</p>

PPP Lenders who have scenarios that are not addressed in Table 1 should contact the appropriate Commercial Loan Servicing Center as outlined in Table 2 below.

PPP Lenders – Fraud Recoveries

PPP Lenders that receive a recovery related to a fraudulent PPP loan that has been forgiven or purchased by SBA must return the funds to SBA via the [COVID-19 CARES Act Recovery of Funds](#) page on Pay.gov. All required fields must be completed, including providing a reason why the funds are being returned.

PPP Borrowers

Returning Funds to the Lender

The Borrower must return funds to the Lender unless otherwise directed in writing by SBA or Treasury. The Lender will use the appropriate channels detailed above to return the funds received from the Borrower to SBA. If the Borrower needs additional help returning their PPP loan funds to their Lender, they should contact the Commercial Loan Servicing Center (CLSC) assigned to the state as outlined in Table 2 below.

The Lender may ask the Borrower for information regarding the loan; therefore, the Borrower should have all loan documentation available for the Lender.

Table 2: Commercial Loan Servicing Center Contact Information

CLSC	Contact Information	States
Fresno CLSC	(559) 487-5791 fsc.servicing@sba.gov	Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Utah, Washington, Wisconsin, Wyoming
Little Rock CLSC	(501) 324-7379 lrsc.servicing@sba.gov	Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, The U.S. Virgin Islands, Vermont, Virginia, Washington, DC, West Virginia

Questions concerning this notice can be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

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 Office of Financial Program Operations