

SBA Allows Scanned Copies of Documents During COVID-19 Crisis

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The SBA permits SBA Lenders to use electronic signatures on SBA forms and other documents requiring signatures on 7(a) and 504 business loans provided they comply with Standard Operating Procedure 50 10.

But with social-distancing directives and shelter-in-place orders making original and electronic signatures difficult or impossible, the SBA issued a Procedural Notice relaxing signature requirements temporarily.

From March 24, 2020, until September 30, 2020, where electronic signatures are not feasible, all SBA Lenders may accept scanned copies of signed applications and loan documents, provided the SBA Lender also obtains:

1. A copy of the individual's driver's license or another valid form of identification (front and back); and
2. A valid original signature on the applicable document within six months of the date of the Note.

If the SBA Lender fails to obtain the required original signature within six months of the date of the Note, for 7(a) loans, SBA may deny liability on the guaranty in full and, for 504 loans, SBA may pursue a recovery claim against the Certified Development Company. The Notice reminds SBA Lenders to protect all Personally Identifiable Information under all privacy and other laws and practices.

This temporary relief should allow SBA Lenders to service existing and new borrowers more expeditiously and with less health risk during the COVID-19 crisis. For a driver's license or other valid identification, presumably, the signatory could photograph both sides with their phone and email the pictures to the SBA Lender. Getting original signatures may take more time and require mail service or hand-delivery when the crisis subsides, so SBA Lenders will want to implement a reminder system to collect them before the six-month deadline expires.

You can read the full Notice [here](#).

National Law Review, Volume X, Number 90

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