PPP Loan Purchase Program – Frequently Asked Questions

What is the structure of origination fees from the SBA for PPP loans?

SBA will pay lenders fees for processing PPP loans in the following amounts based on the outstanding balance at time of final disbursement: 5% for loans of not more than $350,000; 3% for loans of more than $350,000 and less than $2,000,000; and 1% for loans of at least $2,000,000.

Who will service PPP loans? Can lenders transfer servicing to Purchaser or another third party?

Lenders have the option of transferring servicing to the Purchaser. If lenders decide to retain servicing, lenders will assume the cost of servicing and will be responsible for servicing the loans in accordance with the requirements of the Paycheck Protection Program for the life of the loan.

What is the purchase price for PPP loans under the program? What is the fee structure?

Purchase price for loans is par value plus any accrued interest. Any subsequent borrower interest received by lender will be passed on to Purchaser. Lenders will share with Purchaser a portion of the SBA origination fee equal to (i) 1.50% points of par value if loans are sold servicing-released or (ii) 1.00% of par value if loans are sold servicing-retained.

Can lenders sell part- or all of- their PPP loan portfolio into the program?

Lenders can choose which loans lender wishes to sell to Purchaser so long as such loans are not currently in the process of being considered for forgiveness by SBA. More details on loan eligibility will be outlined in future communications.

What are the obligations of lender after selling loans into the program?

If loans are sold servicing-retained, lenders are responsible for past and on-going actions in processing and servicing the loan in accordance with the policies and procedures set forth by SBA; in addition, lenders agree not to make changes to the terms of the loans without the consent of Purchaser. If loans are sold servicing-released, lenders are responsible only for past actions in processing and servicing. In all cases, lenders are not responsible for credit performance of the loan nor the accuracy of borrower's certifications.

How will lenders sell loans to Purchaser?

Upon Purchaser's approval of qualified loans for sale, lenders will transfer the loans into escrow of a custodian. Purchaser will designate a cut-off date and all loans in escrow originated prior to such cut-off date will be purchased. Target closing and escrow release of purchased loans is two business days after the cut-off date. Loans in escrow that were originated on or after the cut-off date will remain in escrow until the next cut-off date. Purchaser expects to have multiple cut-off dates and closings. Exact cut-off dates will be outlined in future communications.