What Happened Next

SBA 7(a) Real Estate Distress, March to May 2026

1,517 owner-occupied SBA 7(a) loans were in distress on March 31, 2026. SBA's June file shows how the first of them ended, next to 29,689 other distressed 7(a) loans.

1,517
owner-occupied loans in distress on 3/31/2026

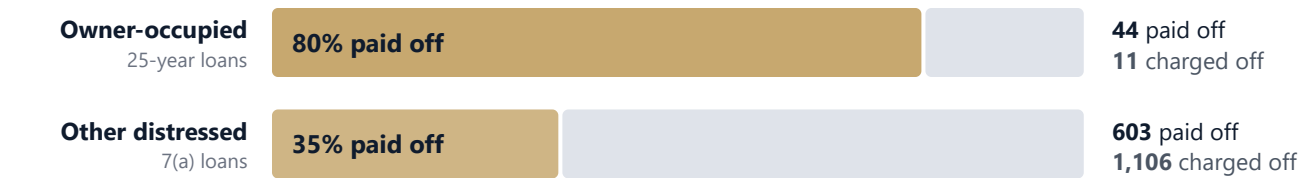
4 to 1
payoffs to charge-offs for owner-occupied loans that ended (44 vs 11)

about 1 to 2
payoffs to charge-offs for other distressed 7(a) loans (603 vs 1,106)

94%
of the owner-occupied loans still active, so this is an early read

Owner-occupied loans paid off 4 times as often as they charged off

OF THE DISTRESSED LOANS THAT ENDED IN APRIL AND MAY 2026



Ended = paid in full or charged off in April or May: 55 of 1,517 owner-occupied loans and 1,709 of 29,689 other distressed 7(a) loans.

The gap is widest in liquidation

83% of owner-occupied loans in liquidation that ended were paid off (19 of 23)

22% of other 7(a) loans in liquidation that ended were paid off (115 of 516)

For loans only behind on payments, most exits were payoffs in both groups (100% and 88%). After SBA bought the guaranty: 42% against 11%. Owner-occupied counts are small.

HOW TO READ THIS

An early read. 94% of the owner-occupied loans are still active with their status withheld, so cures can't be seen. Real estate liquidations take longer, so some charge-offs may not have landed yet.

Counts, not dollars. Counts aren't dollars or losses. "Paid in full" is SBA's recorded status: it doesn't prove a loss-free payoff, and the file doesn't say where the money came from.

Same window on both sides. Exits are April and May because the June file has no June payoffs yet. 30 more owner-occupied loans show a 3/31 payoff date, before the window.

Why 1,517, not May's 1,551. The 34 loans already charged off as of March 31 are left out.

Some SBA-purchased loans are missing. SBA overwrites the loan term on many loans it has bought back, so the 25-year proxy misses some of them. Counting them would likely lower the 4 to 1, but payoffs still lead.

THE TAKEAWAY A consistent early signal. A smaller share of owner-occupied loans were in distress in March, and so far most of the ones that ended were paid off.



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SOURCE SBA 7(a) FOIA data as of 3/31/2026 and 6/30/2026. Revised 10/27/2026 to add the SBA-purchased loan note.

METHODOLOGY 300-month term (owner-occupied CRE proxy), disbursed. Distressed on 3/31/2026 (delinquent, past due, in liquidation, SBA-purchased), matched into the 6/30/2026 file. Exits: paid in full or charged off in April or May 2026. Counts, not dollars.

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