



# SBA Procedural Notice

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**TO:** All SBA Employees, Certified Development Companies and Third-Party Lenders

**CONTROL NO.:** 5000-20069

**EFFECTIVE:** December 14, 2020

**SUBJECT:** Extension of Temporary Guidance through March 31, 2021 on Eligibility for 504 Debt Refinancing with or Without Expansion for Applicants Granted Loan Deferments Due to COVID-19 Emergency

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The purpose of this Notice is to extend the temporary guidance that SBA issued in SBA Procedural Notice 5000-20039, effective July 24, 2020, regarding the eligibility of a loan for refinancing under SBA's 504 debt refinancing programs when the loan that the applicant is seeking to refinance was granted a deferment due to the COVID-19 emergency.

SBA issued SBA Procedural Notice 5000-20039 after becoming aware that borrowers may have loans that were granted deferments as a direct result of the public health emergency created by the COVID-19 pandemic, and that some of these borrowers are interested in refinancing their debt under SBA's 504 debt refinancing programs. *See* 13 CFR 120.882(e) (refinancing with expansion) and 120.882(g) (refinancing without expansion). However, to refinance a loan under SBA's 504 debt refinancing programs, including both with and without expansion, the applicant must have been current on all payments due on the debt to be refinanced for not less than 1 year before the date of the application (without expansion) or for not less than 1 year before the date of the refinancing (with expansion).

SBA Procedural Notice 5000-20039 stated that, through December 31, 2020, a loan that is currently on deferment, or that was granted a deferment for some period of time in the prior 12 months, will qualify for refinancing under SBA's 504 debt refinancing programs under certain conditions. With this Notice, SBA is extending these conditions (described below) to applications for 504 debt refinancing under 13 CFR 120.882(e) and 120.882(g) that are submitted on or before March 31, 2021:

- An application for debt refinancing, whether with expansion or without expansion, that involves a loan that was granted a deferment in the 12 months prior to the date that the application was submitted must be processed on a non-delegated basis through the Sacramento Loan Processing Center;

- The applicant must bring itself current on all the payments that were deferred prior to the loan being approved for debt refinancing;
- The deferment on the loan to be refinanced must have been granted on or after March 1, 2020, and the borrower must include a statement in the application that the deferment was granted due to the borrower being adversely affected by COVID-19; and
- The applicant must otherwise be current on all payments due as required by 13 CFR sections 120.882(e)(6) and 120.882(g)(15)(vii).

### **Questions**

Questions concerning this Notice may be directed to the Lender Relations Specialist in the local SBA Field Office. Local SBA Field Offices can be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

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Director  
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