



SBA Policy Notice

TO: All SBA Employees, 7(a) Lenders, CDCs and Microlenders **CONTROL NO.:** 5000-4021

SUBJECT: Deferments for SBA 7(a) and 504 Business Loans, Microloans, and Disaster Loans for Businesses Adversely Affected by Hurricane Harvey and its Aftermath **EFFECTIVE:** 08/28/2017

As a result of damage caused by Hurricane Harvey, President Trump has declared certain counties in Texas to be disaster areas and thus eligible to receive Federal disaster assistance. The declared disaster areas may be found at <http://www.sba.gov/disaster>.

To further support these recovery efforts, the Agency will provide relief to certain borrowers, including SBA Microlenders, with existing 7(a), 504, 7(m) and disaster loans. Effective immediately, the Agency is providing an automatic 12 month deferment of principal and interest payments for SBA-serviced business and disaster loans that were in “regular servicing” status on August 25, 2017, in those primary counties designated as Federal disaster areas. Interest will continue to accrue on the loans involved. Borrowers will be notified of the automatic deferment on their monthly payment notices (SBA Forms 1201). Borrowers preferring to continue making regular payments during the deferment period should notify their respective SBA servicing center to make alternative payment arrangements. After this automatic 12 month deferment period, SBA will review borrower circumstances on a case-by-case basis to determine the nature and extent of further relief appropriate for each situation.

Borrowers that are located in counties/parishes contiguous to the primary county in the disaster areas and have suffered an adverse impact because of the disaster may be eligible for 9 months of deferment of principal and interest payments on SBA-serviced business and disaster loans. SBA will not automatically provide deferments on these loans, but an adversely impacted borrower in one of the identified contiguous counties/parishes may request a deferment through the SBA office servicing the loan. SBA will evaluate these requests on a case-by-case basis, and may provide deferments when the borrower can show it needs such relief as a result of the disaster. SBA loan servicing personnel in these areas shall advise borrowers experiencing difficulty in making their loan payments that they may request deferment of these payments.

SBA is also strongly encouraging 7(a) Lenders, Certified Development Companies (CDCs) (as well as third party lenders that provide the private sector financing for 504 projects), and Microlenders to provide similar deferment relief for borrowers with lender or CDC-serviced SBA-business loans in the primary disaster areas and contiguous counties/parishes. District offices and servicing centers shall advise lenders of the need to accommodate borrowers adversely affected by the events of Hurricane Harvey. Since many SBA-guaranteed loans are sold in the secondary market, it is also important to note that 7(a) Lenders can provide one 90 day deferment without requesting approval from the secondary market purchaser. A longer

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deferment period may be available; however, the lender must send a written request to the fiscal and transfer agent (Colson Services Corp).

For additional guidance regarding deferments, please refer to SOP 50 57 2, Chapter 12, para. D.2 or SOP 50 55, Chapter 12, or SOP 52 00 A, para. 3.F.19. If a 7(a) Lender or CDC has further questions regarding this notice, please have the lender or CDC contact the appropriate servicing center. Microlenders should contact Dan Upham in the Office of Economic Opportunity, at (202) 205-7001.

Linda E. McMahon
Administrator