



# SBA Procedural Notice

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**TO:** All SBA Employees and Certified  
Development Companies

**CONTROL NO.:** 5000-1960

**SUBJECT:** Guidance on Deferments for CDC-  
Serviced 504 Loans for Businesses  
Adversely Affected by Hurricanes  
Harvey, Irma and Maria and their  
Aftermath

**EFFECTIVE:** 9/22/2017

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SBA Policy Notice 5000-4021, Deferments for SBA 7(a) and 504 Business Loans, Microloans, and Disaster Loans for Businesses Adversely Affected by Hurricanes Harvey, Irma and Maria and their Aftermath (Policy Notice), was reissued. This Policy Notice grants certain deferment relief to borrowers with SBA-serviced 504 Loans that have been adversely affected by Hurricane Harvey, Hurricane Irma or Hurricane Maria, and strongly encourages CDCs (as well as Third Party Lenders) to provide similar deferment relief for borrowers with CDC-serviced 504 Loans in the primary disaster areas and contiguous counties/parishes.

SBA has received many calls and inquiries concerning the implementation of the Policy Notice with respect to CDC-serviced 504 Loans, including 504 Loans that are not in “regular servicing” status. Accordingly, SBA offers the following guidance to assist CDCs that want to provide the deferment relief on CDC-serviced 504 Loans as encouraged by the Policy Notice:

1. **Applicability:** This Procedural Notice applies to all CDC-serviced 504 Loans to borrowers located in the primary counties designated as Federal disaster areas as a result of Hurricane Harvey, Hurricane Irma or Hurricane Maria and to borrowers located in the counties/parishes contiguous to the primary counties. Updated information regarding the primary counties and contiguous counties/parishes can be located on SBA’s website at <https://www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/disaster-loans/2017-hurricane-harvey-recovery-assistance> for Hurricane Harvey, Irma and Maria.
2. For CDC-serviced 504 Loans with debentures outstanding that were in “regular servicing” status on August 25, 2017 for Hurricane Harvey, on September 10, 2017 for Hurricane Irma, and on September 20, 2017 for Hurricane Maria CDCs will have unilateral authority to:
  - a. Grant up to a 12-month deferment of principal and interest payments to borrowers located in the primary counties designated as Federal disaster areas; and
  - b. Grant up to a 9-month deferment of principal and interest payments to borrowers located in counties/parishes contiguous to the primary counties in the Federal disaster area when the borrower can show it needs such relief as a result of the disaster.

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**EXPIRES:** 09/01/2018

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58

For 504 Loans that were not in “regular servicing” status on August 25, 2017 for Hurricane Harvey, on September 10, 2017 for Hurricane Irma, or on September 20, 2017 for Hurricane Maria, CDCs may not grant any deferment.

3. For both Hurricanes, deferments may be granted retroactive to the September 1, 2017 payment date. All deferments related to Hurricanes Harvey, Irma and Maria must be granted on or before **April 1, 2018**.
4. The Central Servicing Agent (CSA) is authorized to process the deferment without obtaining the Servicing Center Acknowledgment. CDCs must provide notice of any deferment to the appropriate Commercial Loan Servicing Center and to the CSA within 24 hours from CDC approval of the deferment. The CDC has 10 business days from its approval of the deferment to obtain and provide the Servicing Center Acknowledgement to the CSA.
5. The current financial information that a CDC is required to obtain before granting a deferment under SOP 50 55, Chapter 12, Paragraph C.1., including the borrower’s financial statements, business and personal Federal income tax returns, and the statement documenting the temporary nature of cash flow problem, must instead be obtained, reviewed and analyzed by the CDC within six (6) months after the deferment is granted.
6. Payments are not required during the deferment period. However, voluntary payments are permitted.
7. Interest will continue to accrue during the deferment period.
8. The CDC must negotiate a Catch-up Plan within six (6) months after date deferment was granted.
9. The CDC must monitor the loan during the deferment period and notify the servicing center of any adverse changes on the loan.

Except as modified by this Procedural Notice, all other provisions of SOP 50 55 apply. For additional guidance regarding deferments of 504 Loans, please refer to SOP 50 55, Chapter 12.

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Jihoon Kim, Acting Director  
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