



# SBA Procedural Notice

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

**CONTROL NO.:** 5000-20039

**EFFECTIVE:** July 24, 2020

**SUBJECT:** Temporary Guidance on Eligibility for 504 Debt Refinancing with or Without Expansion for Applicants Granted Loan Deferments Due to COVID-19 Emergency

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On March 13, 2020, President Trump declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration for all States, Territories, and the District of Columbia. SBA is aware that borrowers may have loans that have been granted deferments in the past few months as a direct result of the COVID-19 emergency, 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) and 120.882(g). 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).

The purpose of this Notice is to provide temporary guidance regarding the eligibility of a loan for debt refinancing when the loan that the applicant is seeking to refinance was granted a deferment during the prior 12 months due to the COVID-19 emergency. 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 the following conditions:

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**EXPIRES: 7-1-21**

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete

Must be accompanied by SBA Form 58

- The applications for debt refinancing, whether with expansion or without expansion, that involve loans that were granted deferments in the prior 12 months 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  
Office of Financial Assistance