



SBA Procedural Notice

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

CONTROL NO.: 5000-808223

SUBJECT: Second Extension of Temporary Guidance through June 30, 2021 on Eligibility for 504 Debt Refinancing with Expansion for Applicants Granted Loan Deferments Due to COVID-19 Emergency

EFFECTIVE: March 30, 2021

The purpose of this Notice is to extend the temporary guidance that SBA issued in SBA Procedural Notice 5000-20069, effective December 14, 2020, with respect to the eligibility of a loan for refinancing under SBA's 504 debt refinancing with expansion program when the loan that the applicant is seeking to refinance was granted a deferment due to the COVID-19 emergency. The guidance provided in SBA Procedural Notice 5000-20069 is in effect through March 31, 2021 and, with this Notice, SBA is extending this guidance through June 30, 2021 with respect to the debt refinancing with expansion program.

SBA first provided guidance with respect to the eligibility of loans for debt refinancing in SBA Procedural Notice 5000-20039, effective July 24, 2020, after becoming aware that borrowers had 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 were 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).

At the time that SBA Procedural Notices 5000-20039 and 5000-20069 were issued, both debt refinancing with expansion and debt refinancing without expansion required the applicant to 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 prior Notices, therefore, applied to both debt refinancing programs and allowed a loan that is currently on deferment, or that was granted a deferment for some period of time in the prior 12 months, to qualify for refinancing under SBA's 504 debt refinancing programs under certain conditions.

However, under the amendments made to the debt refinancing without expansion program by Section 328(a)(2) of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues

Act, Pub. L. 116-260, applicants for debt refinancing without expansion are no longer required to be current on all payments due for not less than 1 year before the date of the application. Thus, it is no longer necessary to apply the guidance provided in this Notice to the debt refinancing without expansion program.

With this Notice, SBA is extending the conditions (described below) to applications for 504 debt refinancing with expansion that are submitted on or before June 30, 2021:

- An application for debt refinancing with 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 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).

Questions

Questions concerning this Notice may be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

Dianna L. Seaborn
Director
Office of Financial Assistance