



SBA Information Notice

TO: All SBA Employees and SBA Lenders

CONTROL NO.: 5000-20002

SUBJECT: HVCRE Exposure for Interim Lender
and Third Party Lender Loans

EFFECTIVE: March 3, 2020

The purpose of this Notice is to provide information regarding High Volatility Commercial Real Estate (HVCRE) Exposure for Interim Lender and Third-Party Lender Loans. On December 13, 2019, the Office of the Comptroller of the Currency, the Federal Reserve Board and the Federal Deposit Insurance Corporation (collectively, the “Agencies”) published a Final Rule regarding Regulatory Capital Treatment for High Volatility Commercial Real Estate (HVCRE) Exposures [[84 FR 68019](#)]. The Final Rule is effective April 1, 2020.

In the preamble to the Final Rule, the Agencies noted that some Interim Lender Loans and Third Party Lender Loans, made in connection with the SBA 504 Loan Program, may be considered in certain instances to be bridge loans, and thus fit within the definition of an HVCRE Exposure and be subject to a higher risk weight. However, the Agencies clarified that if an Interim Lender Loan or Third Party Lender Loan made in connection with the SBA 504 Loan Program meets the criteria for community development under the Agencies’ Community Reinvestment Act (CRA) regulations, the loan could be excluded from the HVCRE Exposure definition.

Questions concerning this Notice should be directed to Linda Reilly, Chief 504 Loan Division, at (202) 205-9949 or linda.reilly@sba.gov.

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