

**SBA Procedural Notice**

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| **TO:** | All SBA Employees | | **CONTROL NO.:** | 5000-1212 |
| **SUBJECT**: | | Further Guidance on Appraisals, Multiple Loans, and Approving Extensions of Disbursement Period in the 504 Temporary Debt Refinancing Program Authorized by the Small Business Jobs Act | **EFFECTIVE:** | 6/20/2011 |

On February 17, 2011, SBA issued Policy Notice 5000-1197 to provide guidance on the 504 Certified Development Company Loan Program regarding debt refinancing authorized by the Small Business Jobs Act, P.L. 111-240 (Temporary Debt Refinancing Program). This Notice provides further guidance with respect to appraisals, multiple loans, and the approval of extensions of the six-month disbursement period.

1. **Appraisals No Longer Required At Time of Application**

*Appraisals required prior to closing.* The application submitted to the Sacramento Loan Processing Center (SLPC) may include an estimate of the value of the collateral securing the Refinancing Project instead of an independent appraisal. In such case, the CDC must submit prior to loan closing an independent appraisal of the fair market value of the fixed assets being refinanced and any other fixed assets offered as collateral (whether commercial or residential) in accordance with the appraisal requirements for the 504 program in SOP 50 10 5(C), Subpart C, Chapter 3, as amended from time to time. If the amount of the Refinancing Project was based on an estimate, then prior to loan closing the SLPC will determine, based on the appraisal, whether the amount of the Refinancing Project needs to be revised and the refinancing restructured.

1. **Clarification – Multiple Loans**

*More than One Loan May be Combined and Refinanced*. As a clarification, the Qualified Debt that is being refinanced may consist of a combination of two or more commercial loans, provided that each of the loans separately satisfies the statutory and regulatory requirements.

1. **Delegation of Authority to Approve Extension of Disbursement Period**

Under the regulations for the Temporary Debt Refinancing Program, 504 loans must be disbursed within 6 months after loan approval; however, the Director, Office of Financial Assistance (D/FA), or his designee, may approve any request for extension of the disbursement period for good cause. 13 CFR § 120.882(g)(12). The D/FA hereby delegates to the Center Director of SLPC the authority to approve extensions of the disbursement period up to an additional 3 months for good cause. This authority may not be redelegated. Any additional extensions must be approved by the D/FA.

Questions regarding this notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at [www.sba.gov/about-offices-list/2](http://www.sba.gov/about-offices-list/2).

Grady B. Hedgespeth

Director

Office of Financial Assistance