



News Release

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SBA Urges Leniency for SBA Borrowers In Areas Hit by Wildfires in Southern California

WASHINGTON – The U.S. Small Business Administration is strongly encouraging lenders that participate in its small business loan programs to provide deferment relief for borrowers with lender-serviced SBA-backed loans in the disaster areas and contiguous counties.

The request follows disaster declarations on October 23 after widespread wildfires in the Southern California counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura were declared disaster areas due to the recent wildfires.

The request applies to participating 7(a) lenders and Certified Development Companies (CDCs) with lender-serviced SBA-guaranteed loans and CDC-serviced SBA-guaranteed debentures in those areas. SBA district offices in Los Angeles, Santa Ana and San Diego have been asked to remind lenders and CDCs of the need to accommodate borrowers adversely affected by the disaster.

The request also applies to SBA-backed loans that have been sold in the secondary market, since lenders are already permitted to provide one 90-day deferment without requesting approval from the secondary market purchaser. If a deferment longer than 90 days is needed for a loan sold in the secondary market, the lender should send a request to Colson Services Corp., the Fiscal and Transfer Agent (FTA), and request the additional time as the lender believes is necessary for the borrower to regain the ability to make monthly loan payments. The FTA will contact the investor and request a deferment.

The SBA anticipates that most such requests will be approved.

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