



# SBA Information Notice

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**TO:** All SBA Employees, 7(a) Lenders, CDCs and Microloan Intermediaries

**CONTROL NO.:** 5000-20004

**SUBJECT:** Deferments on SBA 7(a) and 504 Business Loans and Microloans

**EFFECTIVE:** March 10, 2020

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The purpose of this Notice is to remind 7(a) Lenders, 504 program Certified Development Companies (CDCs), and Microloan Intermediaries of their unilateral authority to provide temporary relief in the form of deferred payments to existing borrowers under certain circumstances.

## **7(a) Business Loans**

In accordance with [SOP 50 57 2](#) and 13 C.F.R § 120.530, Lenders may assist borrowers experiencing temporary cash flow issues by deferring payments for a stated period of time.

1. For a Loan Not Sold on Secondary Market: Lenders may grant a deferment of up to six (6) consecutive months.
2. For a Loan Sold on Secondary Market: As outlined in the Secondary Participation Guaranty Agreement (SBA Form 1086), Lenders may grant a one-time unilateral deferment of up to 90 days without requiring prior investor consent. The Lender notifies the investor through the Fiscal Transfer Agent (FTA) ([Info@colsonservices.com](mailto:Info@colsonservices.com)) of the unilateral deferment and reports the affected loan on SBA Form 1502. Lenders may make additional loan deferments only with prior investor consent.

For additional guidance regarding deferments of 7(a) loans, please refer to SOP 50 57 2.

## **504 Business Loans**

In accordance with [SOP 50 55](#) and 13 C.F.R. § 120.530, CDCs may assist borrowers experiencing temporary cash flow issues by deferring payments for a stated period of time.

The amount deferred should not exceed six (6) cumulative monthly payments or 20% of the original loan amount, whichever is less. Unless SBA has purchased the Debenture, the CDC must notify the Central Servicing Agent (CSA) of any deferment in order to avoid acceleration of the Note and the need to purchase the Debenture.

For additional guidance regarding deferments of 504 loans, please refer to SOP 50 55.

### **Microloans**

In accordance with [SOP 52 00 B](#), Intermediaries may provide a deferment on a loan made to a small business to ensure full repayment of the Microloan.

Microloan Intermediaries may make deferments for up to six (6) months. No deferment may cause the life of the Microloan to extend beyond the maximum six (6) year maturity.

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

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