



SBA Procedural Notice

TO: All SBA Employees, 7(a) Lenders, CDCs, and Microlenders

CONTROL NO.: 5000-20012

SUBJECT: Deferments for SBA-Serviced Loans (Disaster Home and Business Loans and SBA-Purchased 504 Debentures)_Adversely Affected by the Coronavirus (COVID-19) Emergency

EFFECTIVE: 3/30/20

As a result of the ongoing Coronavirus (COVID-19) pandemic in the United States, President Trump issued a national Emergency Declaration on March 13, 2020. To assist borrowers that have been adversely affected by COVID-19-related economic disruptions, the U.S. Small Business Administration (SBA) is providing deferment relief to its existing borrowers on certain SBA-serviced loans (disaster home and business loans and SBA-purchased 504 debentures) through December 31, 2020.

SBA Serviced Loans (Disaster Home and Business Loans and SBA-Purchased 504 Debentures):

For existing SBA borrowers with loans serviced by SBA that were in “regular servicing” status on March 1, 2020, the Agency is providing an automatic deferment of principal and interest payments through December 31, 2020. This automatic deferment will apply to both disaster home and business loans as well as SBA-purchased 504 debentures throughout the United States and all United States territories.

Borrowers are advised that:

- Interest will continue to accrue on the loans involved;
- The automatic deferment will be reflected on future monthly payment notices (SBA Form 1201);
- The deferment will not stop any established Preauthorized Debit (PAD) or recurring payment on the loan. Borrowers with an SBA established PAD will have to contact their SBA servicing center to stop recurring payments during the deferment period. Borrowers that have established a PAD through Pay.Gov or any other bill pay service are responsible for terminating recurring payments during the deferment period;

- Borrowers preferring to continue making regular payments during the deferment period may continue remitting payments during the deferment period. SBA will apply those payments normally as if there was no deferment;
- After this automatic deferment period, borrowers will be required to resume making regular principal and interest payments. Upon request, SBA will evaluate borrower circumstances on a case-by-case basis to determine the nature and extent of further relief that may be appropriate for each situation; and
- Borrowers with loans that were not in “regular servicing” status on March 1, 2020 will not be granted an automatic deferment.

7(a) Lender, CDC and Microloan Intermediary Serviced SBA Business Loans:

SBA is also strongly encouraging 7(a) Lenders, Certified Development Companies (and 504 Third Party Lenders), and Microloan Intermediaries to provide deferment relief for borrowers with SBA business loans serviced by the 7(a) Lender, CDC or Microloan Intermediary. For guidance regarding deferments of lender-serviced 7(a) and 504 loans, please refer to the following Notices:

- [SBA Information Notice 5000-20004: Deferments on SBA 7\(a\) and 504 Business Loans and Microloans](#)
- [SBA Procedural Notice 5000-20008: Guidance on Deferments for 504 Loans for Businesses Adversely Affected by Coronavirus Disease 2019 \(COVID-19\)-related Economic Disruptions](#)

SBA is also providing deferment relief consistent with SBA Procedural Notice 5000-20008 to borrowers on SBA-serviced 504 loans where the debenture has not been purchased.

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