Technical Issues Memo 19-20

To: NADCO Members (Please disseminate to all appropriate personnel)

From: Rhonda Pointon, President & CEO

Subject: Deferments for SBA-Serviced Loans (Disaster Home and Business Loans and SBA-Purchased 504 Debentures) Adversely Affected by the Coronavirus Emergency

Date: March 31, 2020

Please note that CDC serviced loans are separate from SBA serviced loans and the below covers SBA serviced loans including disaster home and business loans and SBA purchased 504 debentures.

SBA is working non-stop to implement the provisions included in the CARES Act including the Small Business Debt Relief Program. This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans by SBA covering all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law. NADCO will provide guidance as it is developed and released by SBA. NADCO is in constant contact with SBA, CSA and Hill staff to obtain critical guidance necessary.

Yesterday, SBA released SBA Procedural Notice 5000-20012 that addresses deferment relief and instructions for SBA Serviced Loans (disaster home and business loans and SBA-purchased 504 debentures). If you have existing SBA borrowers with loans repurchased and serviced by SBA (not CDC serviced loans) 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. Please read the entire Notice for how SBA is advising those borrowers. Those loans serviced by SBA that were not in “regular servicing” status on March 1, 2020 will not be granted an automatic deferment.

If you would like to access this TI Memo, or the SBA Procedural Notice via the NADCO website, please click below.

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SBA Procedural Notice 5000-20012