



# SBA Information Notice

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

**CONTROL NO.:** 5000-19002

**SUBJECT:** Post Lapse in Appropriations Guidance  
for SBA 7(a) and 504 Loan Programs

**EFFECTIVE:** 1/20/2019

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SBA is issuing this Information Notice to provide guidance to 7(a) Lenders and CDCs for returning to operations after the lapse in appropriations.

As of January 28, 2019, the SBA processing, servicing, and liquidation centers and E-Tran system (including SBAOne) are fully operational. There is no daily cap imposed for loan approvals/authorizations. All loan applications, modification requests, and servicing actions will be processed in the order received for both the 7(a) and 504 loan programs.

## 7(a) Program

### Interim Loans

**Q:** Can a 7(a) Lender provide an interim loan to a small business during the lapse in appropriations and refinance that loan with an SBA-guaranteed loan after the lapse in appropriations is over?

**A:** Yes. if the debt to be refinanced meets all conditions set forth in SOP 50 10 5(J), Subpart B, Chapter 2, Para. V.E.

For PLP Lenders, an interim loan made to a small business during the lapse in appropriations may be refinanced using delegated authority only if the debt is an interim loan that was made for other than real estate construction purposes and was approved by the Lender within 90 days prior to the issuance of a PLP loan number, or the debt is a construction loan that has not been disbursed at the time of application submission. No waiver or extension beyond 90 days is permitted.

Any request to refinance a loan made by a PLP Lender during the lapse in appropriations that does not meet those requirements must comply with SBA policy and procedures regarding refinancing same institution debt set forth in SOP 50 10 5(J), Subpart B, Chapter 2, Paragraph V.E. and may not be submitted under delegated authority.

**Q:** Can a Community Advantage (CA) Lender provide an interim loan to a small business during the lapse in appropriations and refinance that loan with a CA loan after the lapse in appropriations is over?

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**EXPIRES: 1-1-20**

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete

Must be accompanied by SBA Form 58

**A:** Yes, under certain circumstances. SBA will permit a CA Lender to submit a request to refinance an otherwise eligible interim loan approved and funded during the lapse in appropriations (December 22, 2018 through January 25, 2019), provided the request is submitted to the LGPC under non-delegated processing no later than March 31, 2019. Any request submitted after that date will be subject to the 12 month restriction on refinancing same institution debt as set forth in the Guide.

### **Financial Statements, Appraisals, and Environmental Reports**

**Q:** What happens if the financial statements, appraisal or environmental report included with an application became outdated during the lapse in appropriations?

**A:** For applications or resubmissions received by the Loan Guaranty Processing Center (LGPC) on or before December 21, 2018, the LGPC will accept financial information, appraisals, and environmental reports that were current at the time the application or resubmission was received, even if the processing delays caused by the lapse in appropriations result in the financial information, appraisals, or environmental reports being outdated. However, Lenders will be required in the Authorization to obtain updated financial statements as a condition for closing.

For new applications or resubmissions submitted on or after January 28, 2019, financial statements, appraisals and environmental reports must be dated within the deadlines set forth in SOP 50 10 5(J), Subpart B, Chapter 4 (appraisals), Chapter 6 (financial information), and Appendix 2 (environmental reports).

### **Expedited Requests**

**Q:** Can a non-delegated Lender request expedited processing of a loan application?

**A:** Yes, where the Lender believes a delay in processing would cause a loss to the borrower (e.g., a purchase contract or escrow closing deadline). Lenders may send requests for expedited processing to [7aloanprogram@sba.gov](mailto:7aloanprogram@sba.gov) along with a justification for expedited processing and the E-Tran tracking number. The subject line in the email should state "Expedited Processing Request: (application #; E-Tran tracking#)." The LGPC will consider each request for expedited processing on a case-by-case basis.

### **Servicing Actions**

**Q:** What happens to a servicing action entered into E-Tran by a Lender during the lapse in appropriations?

**A:** Servicing action requests for increases or decreases submitted during the lapse in appropriations were not accepted in the E-Tran system and must be resubmitted. All other servicing actions will be processed in the order received, with any requests for expedited considerations submitted to the appropriate center at [lpsc.servicing@sba.gov](mailto:lpsc.servicing@sba.gov) (Little Rock) or [fsc.servicing@sba.gov](mailto:fsc.servicing@sba.gov) (Fresno).

## **“Send This File”**

**Q:** How will SBA handle guaranty purchase requests, wrap-up reports, and servicing requests that were submitted to SBA using “Send This File” during the lapse in appropriations?

**A:** “Send This File” only retains attachments for 7 days. If SBA does not download the attachment within those 7 days, the attachment is lost. Because no attachments were downloaded during the lapse in appropriations, Lenders will need to resubmit any attachment (e.g., guaranty purchase request, wrap-up report, expenses, litigation plan) sent through “Send This File” during the lapse in appropriations (December 22, 2018 through January 25, 2019). SBA has the original email generated when the initial request was made, and will use that date to determine the order in which actions are processed.

For purposes of the 2-Year Prudent Liquidation Deadline, as defined in SOP 50 57 2, deadlines that occurred during the lapse in appropriations will automatically be extended by the number of days that SBA was shut down (35 days).

## **504 Loan Program**

### **Financial Statements, Appraisals, and Environmental Reports**

**Q: What happens if the financial statements, appraisals or environmental reports became outdated during the lapse in appropriations?**

**A:** For applications or resubmissions received by the Sacramento Loan Processing Center (SLPC) on or before December 21, 2018, the SLPC will accept financial information, appraisals, and environmental reports that were current at the time the application or resubmission was received, even if the processing delays caused by the lapse in appropriations result in the financial information, appraisals, or environmental reports being outdated. (For purposes of the “No Adverse Change” determination requirements at 504 closing, CDCs are reminded that they are required to submit updated financial statements dated no earlier than 120 days from the date of the 504 loan closing in accordance with 13 CFR 120.892 and SOP 50 10 5(J), Subpart C, Chapter 6, Para. III.A.3.)

For new applications or resubmissions submitted on or after January 28, 2019, financial statements, appraisals, and environmental reports must be dated within the timeframes set forth in SOP 50 10 5(J), Subpart C, Chapter 3 (appraisals), Chapter 4 (financial information), and Appendix 2 (environmental reports).

### **327 Actions**

**Q:** Will 327 actions for undisbursed 504 loans be given priority in processing now that the lapse in appropriations has ended?

**A:** Yes. SBA is committed to processing these 327 actions to ensure timely responses.

**Q:** What is the process for a CDC to request expedited processing for 327 actions for 504 applications and servicing requests?

**A:** Requests for expedited processing of 327 actions and 504 applications will be considered in cases where the CDC believes a delay in processing would cause a loss to the applicant small business (e.g., a purchase contract deadline). Requests should be submitted to [sacramento504@sba.gov](mailto:sacramento504@sba.gov) along with a justification for expedited processing, including relevant contractual documentation. Please include the E-Tran tracking number on the subject line. The SLPC will consider each request for expedited processing on a case-by-case basis. For 327 servicing actions to be expedited, contact the Fresno or Little Rock Commercial Loan Servicing Center.

**For Additional Guidance**

If you have any questions regarding this Notice, please contact your local SBA Field Office or the appropriate SBA processing, servicing, or liquidation center. To locate your local SBA office or appropriate SBA center, please go to <https://www.sba.gov/about-sba/sba-locations>.

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