

SBA DEBT RELIEF PROGRAM

On December 27, 2020, the *Coronavirus Response and Relief Supplemental Appropriations Act* (“COVID relief law”) was signed into law, providing additional relief to small businesses struggling as a result of the COVID-19 pandemic.

*** EXTENSION OF SMALL BUSINESS DEBT RELIEF***

The COVID relief law provides \$3.5 billion nationwide to resume debt relief payments of principal and interest (P&I) on small business loans guaranteed by the SBA under the 7(a), 504, and microloan programs.

Continuation of automatic P&I payments

- The COVID relief law resumes the payment of principal, interest, and fees on SBA-guaranteed loans under the 7(a), 504, and microloan programs, a relief measure originally established in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.
- **The duration of debt relief depends on several factors, including when your loan was approved. Please read below for more information.**

Loans made prior to the CARES Act

- If you had a qualifying loan approved by the SBA prior to the CARES Act (before March 27, 2020), you will receive an additional three months of P&I payments starting in February 2021.
 - Going forward, these payments will be capped at \$9,000 per borrower per month.
 - The payments are automatic, but you should check in with your lender.
- After this three-month period, the smallest borrowers and those hardest-hit by the pandemic will receive an additional five months of P&I payments, for a total of eight months of forgiveness.
 - These additional payments are also capped at \$9,000 per borrower per month.
 - Eligible borrowers include:
 - Borrowers with SBA microloans or 7(a) Community Advantage loans; or
 - Borrowers with any 7(a) or 504 loan in the hardest-hit sectors, measured by sector-wide job losses. **This includes food service and accommodation; arts, entertainment and recreation; education; and laundry and personal care services.**¹

Loans made after the CARES Act

- For loans made between March 27, 2020, and September 27, 2020, SBA will pay six months’ full payments (this is a benefit provided in the CARES Act).
- **Loans made between September 28, 2020, and January 31, 2021, do not receive any SBA relief.**

Newly approved loans

- For all new loans approved between February 1, 2021, and September 30, 2021, SBA will pay the first six months of P&I, also capped at \$9,000 per month. This is equivalent to the relief originally provided in the CARES Act, but it is capped at \$9,000.

¹ Your business must have a North American Industry Classification System (NAICS) code beginning with 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, or 812.

Limitations:

- A borrower may only receive P&I payments for one covered loan approved since the enactment of the CARES Act.
- If the SBA projects that the \$3.5 billion provided for the debt relief program in the COVID relief law is insufficient to fund these extensions, it may proportionally reduce the number of months provided in each extension described above. In the event of such a reduction, the SBA will submit its plan to Congress, so please check back for updates.

Eligibility:

- You are eligible if you have an SBA 7(a), 504, or microloan. Paycheck Protection Program loans and Economic Injury Disaster loans are not eligible, but payments are already deferred or forgivable under those programs.
- To check if you are eligible for an SBA 7(a), 504, or microloan, please visit the [Small Business Administration](#) website.

More about SBA loans:

- An SBA 7(a) loan is a loan of up to \$5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital as well as capital to purchase an existing business, refinance current business debt, or purchase furniture, fixtures, and supplies.
- A 504 loan is a loan up to \$5.5 million for small businesses that provides long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. You must apply through a Certified Development Company, which is a nonprofit corporation that promotes economic development.
- A microloan loan is a loan up to \$50,000 to help small businesses and certain not-for-profit childcare centers start up and expand. The average microloan is about \$13,000. These loans are delivered through mission-based lenders that also provide business counseling.
- You can visit an SBA resource partner who can help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center [here](#).
- You can use SBA's free [lender match](#) tool to find a lender near you.

More information:

For more information about SBA loan programs, please visit the [Small Business Administration](#). More information about COVID-19 relief and other resources for small businesses can be found on the U.S. Senate Committee on Small Business and Entrepreneurship [website](#).

If you need additional assistance, please reach out to your local [Small Business Development Center](#), [Women's Business Center](#), [SCORE](#) chapter, or [SBA District Office](#).