



# Small Business Debt Relief Program

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**Funder Organization:** Small Business Administration (SBA)

**Program URL:** <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

**Type of Fund:** Payment Relief for SBA borrowers

**Target Audience:**

1. Borrowers with existing or new (disbursed before September 27, 2020) **non-disaster SBA loans** including 7(a), 504, and microloans.
2. Borrowers with **existing SBA serviced Home and Business Disaster loans as of March 1, 2020**. These are not Paycheck Protection Program (PPP) loans or Covid-19 related Economic Injury Disaster Loans (EIDL).

**Program Launch:**

1. **Non-disaster loans:** Immediately, beginning with first payment due dates after March 27, 2020.
2. **Disaster loans:** Covers existing SBA serviced disaster loans as of March 1, 2020.

## Brief Program Description

1. **Non-disaster loans:** SBA will pay directly to the lender six months of payments including principal, interest and fees for existing SBA backed business loans. SBA will also pay directly to the lender six months of payments including principal, interest and fees for new (non-PPP) SBA backed businesses loans that are disbursed before September 27, 2020. This is six months of total relief from payments for existing and new applicants. While SBA borrowers are receiving the six months of debt relief, they also may apply for a Paycheck Protection Program (PPP) loan that provides capital to keep their employees on the job. Borrowers may not apply the six months of SBA payment relief to PPP loan payments.

**For 504 non-disaster loans:** This ONLY applies to the SBA second deed of trust and does NOT include the bank first deed of trust. On 504 loans, SBA will only be making the payments on the 504 second deed of trust. Borrowers will need to negotiate directly with their lender regarding the first deed of trust.

2. **Disaster loans:** SBA is providing automatic payment deferments through December 31, 2020.

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## Eligibility Requirements

1. **Non-disaster loans:** Borrower must have an existing 7(a), 504 or microloan “considered to be in regular servicing” and fully disbursed prior to September 27, 2020. The SBA will also pay the principal and interest of new 7(a) loans (not PPP loans) fully disbursed prior to September 27, 2020.
2. **Disaster loans:** Existing disaster loans must have been in “regular servicing” status on March 1, 2020. These are not PPP or Covid-19 related EIDL loans.

## Ineligibility Restrictions

1. **Non-disaster loans:** No disaster loans or 7(a) loans made under the PPP or EIDL loan program. Any loans not in “regular servicing” and in liquidation or more than 120 days past due are ineligible.
2. **Disaster loans:** A disaster loan not in “regular servicing” status is ineligible. PPP or Covid-19 related EIDL are also ineligible.

### Interest Rates:

1. **Non-disaster loans:** Not applicable.
2. **Disaster loans:** Interest will continue to accrue on the loan.

**Loan Term:** Not applicable.

**Collateral Requirements:** Not applicable.

**Loan Program Payment Deferment (if any):** Not applicable.

**Forgiveness Terms (if any):** Not applicable.

**Application Submittal Process:** None.

## Loans in Deferral Status:

1. **Non-disaster loans:** For a loan made before March 27, 2020 and on deferment, SBA will make the loan payments for the 6-month period beginning with the next payment due on the loan after the deferment period.

**Note:** For 7(a) loans granted a deferment, borrowers may voluntarily decide to end the approved period of deferment early in order to begin the 6-month period of SBA payments. Lenders must inform borrowers that it is their choice to either continue the deferment and begin receiving the SBA payments for 6 months after the period of deferment ends OR end the deferment early to begin receiving the SBA payments.

For 504 loans granted a deferment, borrowers may voluntarily decide to end the approved period of deferment early to begin the 6-month period of SBA payments. Lenders must inform the borrower that it is their choice to either continue the deferment and begin receiving the SBA payments for 6 months after the period of deferment ends OR end the deferment early to begin receiving the SBA payments.

## Required Forms and Documentation:

1. **Non-disaster loans:** None required, lenders are supposed to handle this. Borrowers should contact their SBA lender to confirm that their loan is being covered. See above NOTE regarding SBA 504 bank first deed of trust.
  - SBA will pay this first loan payment to the lenders within 30 days of the first loan payment due date after March 27, 2020. If a lender receives a loan payment from a borrower after March 27, 2020, the lender must inform the borrower that it has the option of the lender either returning the loan payment to the borrower or applying the loan payment to further reduce the loan balance after application of SBA's payment.
2. **Disaster loans:** 1201 monthly payment notices will continue to be mailed out which will reflect the loan is deferred and no payment is due.
  - **Note: The deferment will NOT cancel any established Preauthorized Debit (PAD) or recurring payments on your loan.** *Borrowers that have established a PAD through Pay.Gov or an online bill pay service are responsible for canceling these recurring payments. Borrowers that had SBA establish a PAD through Pay.gov will have to contact their SBA servicing office to cancel the PAD.*
  - 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. Borrowers who cancelled recurring payments will need to reestablish the recurring payment.

## Program Contact Information

1. **Non-disaster loans:** Borrowers should contact their SBA lender to confirm that their loan is included.
2. **Disaster loans:** Note above information about Preauthorized Debit (PAD) or other automatic payments. Other contact may be through borrowers' regular SBA servicing office:

Birmingham Disaster Loan Servicing Center  
Phone: 800-736-6048  
Email: [BirminghamDLSC@sba.gov](mailto:BirminghamDLSC@sba.gov)

El Paso Disaster Loan Servicing Center  
Phone: 800-487-6019  
Email: [ElPasoDLSC@sba.gov](mailto:ElPasoDLSC@sba.gov)

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