

# DEBT RELIEF FOR NEW AND EXISTING SMALL BUSINESS ADMINISTRATION (SBA) LOANS

Section 1112 of the CARES ACT

## OVERVIEW

The CARES Act provides important debt relief provisions for small businesses carrying existing SBA loans that are impacted by the coronavirus. Under this new program, SBA will pay all principal, interest and fees for six months on existing loans within 30 days of the law's enactment. The plan also applies to new borrowers who take out new 7(a) loans within six months of the Act being signed into law.

**The CARES Act calls on SBA to issue any new rules and regulations needed for this program within 15 days of law's enactment. U.S. Travel will provide updates as they become available.**

## WHO QUALIFIES?

### GENERAL ELIGIBILITY

- **Any small business holding an existing SBA 7(a) loan:** This debt relief initiative applies to small businesses holding all existing [SBA 7\(a\) loans](#). It specifically covers the following SBA loan programs:
  - Standard 7(a); 7(a) Small Loan; SBA Express; Export Express; Export Working Capital; International Trade; Preferred Lenders; Veterans Advantage; CAPLines programs.
- **Small businesses receiving a new 7(a) loan:** Debt relief also applies to new 7(a) loans made within six months of the law's enactment.
  - SBA 7(a) loans provide up to \$5 million in financing for small businesses seeking short- or long-term working capital, need to refinance existing business debt or purchase equipment and supplies.
  - To qualify for a 7(a) loan, businesses must meet SBA [size standards](#), be U.S.-based, be able to repay the loan and have a sound business purpose. There are different requirements for each 7(a) program. Visit [this link](#) for more details.
- **Small businesses participating in the following SBA loan programs:**
  - The [Community Advantage Pilot Program](#), which provides loans to for-profit businesses in underserved markets meeting SBA's [size standards](#).
  - Section 504 loans under the [Small Business Investment Act](#), providing long-term financing for the purchase or improvement of land, buildings, and major equipment made by [Certified Development Companies](#) to support local economic development.
  - Loans made by qualified nonprofit community-based organizations under SBA's [Microloan Program](#). This program provides loans up to \$50,000 for small businesses and certain nonprofit childcare centers.

### HOW DOES THE PROGRAM WORK WITH SBA INTERRUPTION LOANS

- This SBA debt relief plan does not apply to SBA interruption loans made under the new Paycheck Protection Program.

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- Small businesses may separately apply for an SBA Interruption Loan, but this provision will not apply to that loan.

### WHAT DEBT RELIEF DOES THIS PROGRAM PROVIDE?

#### GENERAL OVERVIEW

- SBA will pay all principal, interest and fees on eligible loans for a six-month period, as follows:
  - Existing loans (as described above) that are not on deferment, beginning with the next payment due;
  - Existing loans that are on deferment, beginning with the next payment due after deferment;
  - New 7(a) loans secured up to six months after enactment of the CARES Act, after the first payment is due.
- There is no cap on the amount of payments covered—relief will vary from loan to loan.

#### APPLICATION PROCEDURES

- If you are applying for a new SBA 7(a) loan and want to determine which program best fits your needs, please [visit this website](#). SBA also has a free tool, [Lender Match](#), so you can locate a lender in your area.
- SBA partners can provide more information about SBA products and help guide you through the application process. To locate a partner in your community, [click here](#).

### OUTSTANDING ITEMS TO BE RESOLVED BY FEDERAL AGENCIES

- Whether the payment will happen automatically or upon request.