

As part of the CARES Act, the U.S. Small Business Administration will cover monthly payments for all existing SBA 7(a) loans for a six-month period. This includes the principal, interest and any associated fees owed on your 7(a) loan. This begins with the first payment due on your loan after March 27, 2020.

In simplest terms, the government is going to make your SBA loan payments for six months.

What does six months of no loan payments mean?

- The SBA will pay 6 months of principal, interest, and any associated fees that borrowers owe for all current 7(a) loans in regular servicing status as well as new 7(a) loans disbursed prior to September 27, 2020.
- This relief is not available for Paycheck Protection Program loans or Economic Injury Disaster loans. Borrowers do not need to apply for this assistance. It will be automatically provided as follows:
 - For loans not on deferment, the SBA will begin making payments with the next payment due on the loan and will make six monthly payments.
 - For loans currently on deferment, the SBA will begin making payments with the next payment due after the deferment period has ended and will make six monthly payments.
 - For loans made after March 27, 2020 and fully disbursed prior to September 27, 2020, the SBA will begin making payments with the first payment due on the loan and will make six monthly payments.

What about SBA loans in construction?

- SBA 7(a) loans in construction: As a construction borrower, if you have funds left to disburse under your SBA 7(a) loan, you are currently not eligible for payment relief under the CARES Act. However, if your loan is fully funded by September 27, 2020, you will then be eligible to receive SBA Payment Relief. The SBA offers six months of payments of principal, interest and any associated fees beginning the month after your loan fully funds.
- SBA 7(a) loans and a conventional pari-passu loan: Pari-passu loans are not eligible for payment relief under the CARES Act. However, your 7(a) loan may still be eligible for payment relief if the 7(a) loan is currently fully funded or will be fully disbursed by September 27, 2020. While the pari-passu is not, you are still eligible for payment relief on the 7(a) loan.

*This information is accurate and updated as of 5.27.2020. Terms and conditions are subject to change.