

SBA Debt Relief

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

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Overview

As part of our coronavirus debt relief efforts, the SBA will pay 6 months of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans 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, SBA will begin making payments with the next payment due on the loan and will make six monthly payments.
- For loans currently on deferment, 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, SBA will begin making payments with the first payment due on the loan and will make six monthly payments.



borrower's payment was collected after March 27, 2020, lenders were instructed to inform the borrower that they have the option of having the loan payment returned by the lender or applying the loan payment to further reduce the loan balance after SBA's payment.

Borrowers should contact their lender if they have any questions regarding this payment relief.

Additional Debt Relief

For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through **December 31, 2020**.

What does an “automatic deferral” mean to borrowers?

- Interest will continue to accrue on the loan.
- 1201 monthly payment notices will continue to be mailed out which will reflect the loan is deferred and no payment is due.
- **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 that cancelled recurring payments will need to reestablish the recurring payment.

If you have questions about your current loan and whether or not your loan is automatically deferred, please contact your Loan Servicing Office directly using the following information:

- Birmingham Disaster Loan Servicing Center:



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- El Paso Disaster Loan Servicing Center:
 - Phone: 800-487-6019
 - Email: ElPasoDLSC@sba.gov

Lender Guidance

Procedural Notice: [Implementation of Section 1112 of the CARES Act, Subsidy for Certain Loan Payments, for the 7\(a\) and 504 Loan Programs](#) (4-16-20)

Procedural Notice: [Additional Guidance on the Implementation of Section 1112 of the CARES Act, Subsidy for Certain Loan Payments, for the 7\(a\) and 504 Loan Programs](#) (4-29-20)

Procedural Notice: [Guidance on SBA's Implementation of Section 1112 of the CARES Act Related to the SBA Microloan Program](#) (4-16-20)

Procedural Notice: [Guidance on Establishing Maturities of New 7\(a\) Loans Eligible to Receive Payments under Section 1112 of the CARES Act](#)

Procedural Notice: [Guidance on Establishing Maturities of New Microloans Eligible to Receive Payments under Section 1112 of the CARES Act](#)

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