

SUBSIDY BY SMALL BUSINESS ADMINISTRATION (SBA) ON EXISTING SBA LOANS

Frequently Asked Questions as of 3/27/20



Empire State
Development

The CARES Act provides for a six-month loan payment subsidy by SBA on behalf of eligible borrowers on certain existing SBA loans made prior to March 27, 2020.

What loans qualify for subsidy of payments by SBA?

- SBA loans that qualify for SBA subsidy payment are: existing 7(a) (including Community Advantage), 504, or microloan loans.
- Loans made, up until six months after enactment, will also receive a full 6 months of loan payments by the SBA.
- Paycheck Protection Program (PPP) loans are not covered for payment subsidy.

What is the payment subsidy for eligible loans?

- SBA will pay the principal, interest, and any associated fees that are owed on the eligible loans for a six-month period starting on the next payment due.
- Loans that are already on deferment will receive six months of payment by the SBA beginning with the first payment after the deferral period.

When will SBA make subsidy payments?

- SBA must make payments no later than 30 days after the date on which the first payment is due.
- SBA is required to still make payments even if the loan was sold on the secondary market.

Are deferments on loans encouraged under the subsidy payment program?

- Yes. SBA is required to encourage lenders to provide deferments and allows lenders, up until one year after enactment, to extend the maturity of SBA loans in deferment beyond existing statutory limits.