

FAQ – CARES Act SBA 6 Month Payments made by SBA
Specific funds were reserved for this program
Current as of 2/1/2021

This information applies to First Financial Bank processing and is not to be relied on for legal or tax advice

QUESTIONS / ANSWERS

What does the payment relief program offer to the borrower?

Based upon certain circumstances, SBA is required to pay the principal, interest and any associated fees on certain loans in regular servicing for up to nine months and up to \$9,000 per payment per borrower, beginning 2/01/2021. If your loan qualifies and you are currently not on any deferment plan for payments, this benefit will begin with your next payment due after 2/01/2021.

What are associated fees?

Associated fees include

- a. For 504, the SBA guarantee fee, the CSA fee, and the CDC servicing fee.
- b. For 7(a), the extraordinary servicing fee authorized under the regulation.

Associated fees due not include late fees.

What SBA loans are eligible?

If your business was approved for an SBA loan during the periods described below, SBA will make the regular monthly loan payments (including the principal, interest and certain associated fees) on behalf of your business for the number of months listed below and up to \$9,000 per payment per borrower. To be eligible to receive these payments, your loan must be fully disbursed and in a regular servicing status (that is, your loan has not defaulted and been moved into a liquidation status). Please note that the number of months and/or amount for which your loan may receive this assistance is subject to adjustment based on the availability of funds provided by Congress.

- For a loan that was approved before March 27, 2020 and is not on deferment, SBA will make the Second Round Section 1112 Payments as follows: For a 3-month period beginning with the first payment due on the loan on or after February 1, 2021. For any loan that is continuing to receive the First Round Section 1112 Payments on or after February 1, 2021, this 3-month period for the Second Round Section 1112 Payments does not begin until the first month after SBA has completed the First Round Section 1112 Payments; and
 - For an additional 5-month period immediately following the end of the 3-month period for a Borrower that, according to the records of SBA, is assigned a North

American Industry Classification System code beginning with 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, or 812.

- For a loan that was approved before March 27, 2020 and is on deferment, SBA will make the Second Round Section 1112 Payments as follows:
- For a 3-month period (beginning on or after February 1, 2021) beginning with the later of:
 - the next payment due on the covered loan after the deferment period; or
 - the first month after SBA has completed the First Round Section 1112 Payments.
 - For an additional 5-month period immediately following the end of the 3-month period for a Borrower that, according to the records of SBA, is assigned a North American Industry Classification System code beginning with 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, or 812.
- For a loan approved during the period beginning on February 1, 2021 and ending on September 30, 2021, for the 6-month period beginning with the first payment due on the loan after the loan has been moved into a regular servicing status.
- For a loan approved during the period beginning on March 27, 2020 and ending on September 27, 2020, SBA may make Second Round Section 1112 Payments **if SBA determines that there are sufficient funds.**
- A loan approved during the period beginning on September 28, 2020 and ending on January 31, 2021 is **not eligible** to receive Second Round Section 1112 Payments under Section 1112 of the CARES Act, as amended by Section 325 of the Economic Aid Act. Lenders are prohibited from cancelling a loan approved during this period and resubmitting a loan for a similar purpose on or after February 1, 2021 in order to obtain Section 1112 payments for the Borrower. Lenders are also prohibited from refinancing a loan on or after February 1, 2021 that was approved beginning on September 28, 2020 and ending on January 31, 2021 in order to obtain Section 1112 payments for the Borrower.

What is the maximum amount that the SBA will pay under the Second Round Section 1112 Payments?

The Monthly Payment May Not Exceed \$9,000 per month per borrower.

Under Section 1112(c) (4), no single monthly payment of principal, interest, and associated fees that is made by SBA in a Second Round Section 1112 Payment may total more than \$9,000.

For a loan for which the Borrower makes loan payments less frequently than monthly, the monthly loan payment will be calculated based on the annual loan payment divided by 12.

The Borrower will be responsible for any amount that exceeds \$9,000 (“excess due”).

How will the SBA make the Second Round Section 1112 Payments for Revolving Lines of Credit?

For revolving lines of credit with outstanding balances, SBA will make the loan payments for the prescribed period in accordance with the payment terms stated in the loan authorization. You do not need to maintain a continuous outstanding balance in the revolving line of credit for a continuous period so long as the first draw on the line of credit is made on or before the period described in the bullet points above. For example, you may have an outstanding balance for 2 months, a zero balance for 2 months, and then draw down again on the line of credit and have an outstanding balance for 4 additional months, and SBA would make the payments for the 6 months during which you had an outstanding balance. SBA will pay no more than the prescribed number of payments on the same revolving line of credit, and these payments do not need to be made for consecutive months. Payments made by the SBA may not be used to cover balloon payments.

What if I already made a payment?

For 7(a) loans, you will have the option to have the payment returned to you or apply it to further reduce your loan balance after application of SBA's payment. We will contact you to request that you let us know what you would like to do. If you do not respond within 10 days, the payment will be applied to your principal balance and applied as of the date we received it. Please note that if you want to apply the payment to further reduce your loan balance, such payment will be subject to SBA Loan Program requirements applicable to prepayments. For 504 loans, if the debenture has not yet been purchased, the payment will be returned to you. If the debenture has been purchased and is being serviced by a Certified Development Corporation (CDC), please contact them for additional instructions.

Will I receive invoices during this timeframe?

No, we will not send you an invoice for the period of time that the SBA is making your payments. Your next invoice will be mailed for the payment after the last SBA payment is made.

What if my loan is currently on deferment?

The SBA will make the loan payments for the prescribed period beginning with the next payment due on the covered loan after the deferment period ends. This applies to loans that are on either full or partial deferments. For an alternative option, please read the next question.

How long will funds under the payment relief program be available for eligible loans?

Under section 323(d) (1)(G) of the Economic Aid Act, Congress appropriated \$3,500,000,000 for carrying out section 325 of the Economic Aid Act and these funds remain available until expended.

What if I want to cancel my deferment and get these payments?

For 7(a) loans, you may voluntarily end the deferment period early to begin receiving the SBA payments. For 504 loans, please contact your Certified Development Company for guidance.

Can I take the SBA payments intermittently?

With the exception of revolving lines of credit, no. Once the period of payments begins, the period must be continuous and may not be interrupted by deferment. Please see earlier question regarding revolving lines of credit.

What if all of my 7(a) loan is not guaranteed by the SBA?

All portions of your 7(a) loan will be paid with the SBA payment.

For 504 loans, will both the payments to First Financial (bank portion) and to the SBA (debenture/SBA funded portion) be made?

No. Only payments to the SBA will be made. Payments to First Financial will still have to be made by you.

When will SBA provide the money?

For 7(a) loans not in deferment, the SBA will make the payment on or before February 15, 2021. For payments made after February, payments will be made by the 15th day of the month. For 504 loans not in deferment, the payment that was due on February 1, 2021 will be made by February 1. No ACH debits will be made to your accounts. For payments made after February, payments will be made by the last business day of the month.

Will I incur a late fee?

No late fee will be incurred due to payments not made in anticipation of upcoming SBA relief payments nor will these payments be reported late to the credit agencies.

What if I owe payments under a catch-up plan or other settlement?

SBA payments made will not be used to cover payments owed under the catch-up plan or settlement. You will continue to be obligated to make these payments.

Will the SBA make payments if my loan is in or should be in liquidation status?

No.

Will the SBA make payments if my loan is past due?

A loan that is more than 120 days past due as counted back from the first payment eligible for the SBA payment relief because the loan is not in regular servicing status, and is not eligible for SBA payments. If you have been granted a deferment for a 7(a) or 504 loan, this loan will not be removed from regular servicing status and is eligible for SBA payments.

What if I get a loan under the 7(a) program now?

For eligible SBA loans approved through September 30, 2021, SBA will make the loan payments for the 6-month period beginning with the first payment due after the final loan disbursement. If an immediate deferment is granted, the 6-month period of SBA payments will begin after the deferment ends.

Can I get payments more than one 7(a) Loan?

A Borrower that has received, is receiving, or will receive, SBA payments on a loan that was approved beginning on March 27, 2020 and ending on September 27, 2020 may not receive assistance under Section 1112 for any other loan approved beginning on or after February 1, 2021. See Section 1112(g), as amended. This one-loan limitation does not apply to affiliates of the Borrower.