

**FAQ – CARES Act SBA 6 Month Payments made by SBA**  
**Specific funds were reserved for this program**  
**Current as of 5/4/2020**

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

## QUESTIONS / ANSWERS

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### **What does the payment relief program offer to the borrower?**

SBA is required to pay the principal, interest and any associated fees on any loan in regular servicing for six months, beginning 3/27/2020. If you are currently not on any deferment plan for payments, this benefit will begin with your next payment due after 3/27/2020.

### **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?**

The SBA will make payments for loans under the SBA 7(a), including Express and Community Advantage loans, 504, and Microloan Programs.

### **How will the SBA make payments for Revolving Lines of Credit?**

For revolving lines of credit with outstanding balances, SBA will make the loan payments for the 6-month 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 6-month period so long as the first draw on the line of credit is made on or before September 27, 2020. 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 6 months of payments on the same revolving line of credit, and these payments do not need to be made for 6 consecutive months. No payments will be made on the outstanding balances of revolving lines of credit after September 30, 2021.

### **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. A letter will be sent to 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 six-month timeframe?**

No, we will not send you an invoice for six months. Your next invoice will be mailed for the payment after the sixth SBA payment is made.

**What if my loan is currently on deferment?**

The SBA will make the loan payments for the 6-month period beginning with the next payment due on the covered loan after the deferment period. 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?**

Funds will remain available until September 30, 2021. Accordingly, for a Borrower to be eligible for all six months of payments, any period of deferment that was granted prior to the payments beginning must end by March 30, 2021 for the funds to be available for 6 months of payments, with the last of the six months of payments made on or before September 30, 2021. Loans with a deferment period that ends after March 30, 2021 would be eligible for payments only through September 30, 2021.

**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, if your deferment was granted prior to April 15, 2020, you may voluntarily end the deferment period early to begin receiving the SBA payments. For deferments granted April 15, 2020 or later, 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 6-month 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 during April, the SBA will make the payment on or before April 30, 2020. For payments made after April, payments will be made by the 25<sup>th</sup> day of the month. For 504 loans not in deferment during April, the payment that was due on April 1, 2020 will be made by May 1. No ACH debits will be made to your accounts. For payments made after April, 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 made through September 27, 2020<sup>1</sup>, 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.

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<sup>1</sup> This includes loans in “approval” status before March 27, 2020 and then moved into “regular servicing” status on or after March 27, 2020. These loans would need to be moved into “regular servicing” status no later than September 27, 2020.