

# Small Business Debt Relief Program FAQs



If you currently have SBA loans and would like relief to ease your fears about keeping up with payments, then you might want to look into the Small Business Debt Relief Program.

This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

## FAQs

### QUESTION:

Which SBA loans are eligible for debt relief under this program?

### ANSWER:

7(a) loans not made under the Paycheck Protection Program (PPP), 504 loans, and microloans. Disaster loans are not eligible.

### QUESTION:

How does debt relief under this program work with a PPP loan?

### ANSWER:

Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.

### QUESTION:

How do I know if I'm eligible for a 7(a), 504, or microloan?

### ANSWER:

In general, businesses must meet size standards, be based in the U.S., be able to repay, and have a sound business purpose.

### QUESTION:

What is a 7(a) loan and how do I apply?

### ANSWER:

7(a) loans are an affordable loan product of up to \$5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to

purchase an existing business, refinance current business debt, or purchase furniture, fixtures and supplies. In the program, banks share a portion of the risk of the loan with SBA.

**QUESTION:**

What is a 504 loan and how do I apply?

**ANSWER:**

The 504 Loan Program provides loans of up to \$5.5 million to approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. It is a good option if you need to purchase real estate, buildings, and machinery. You apply through a Certified Development Company, which is a nonprofit corporation that promotes economic development.

**QUESTION:**

What is a microloan and how do I apply?

**ANSWER:**

The Microloan Program provides loans up to \$50,000 to help small businesses and certain not-for profit childcare centers to start up and expand. The average microloan is about \$13,000. These loans are delivered through mission-based lenders who are also able to provide business counseling.

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