



# Small Businesses: What You Need To Know



## CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT

### **Small Business Debt Relief Program: Frequently Asked Questions<sup>1</sup>**

Created March 2020

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.

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

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

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

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

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

- In general, businesses must meet [size standards](#), be based in the U.S., be able to repay, and have a sound business purpose. Each program has different requirements, see <https://www.sba.gov/funding-programs/loans> for more details.

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

- 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. There are many different types of 7(a) loans, you can visit [this site](#) to find the one that's best for you. You apply for a 7(a) loan with a bank or a mission-based lender. SBA has a free referral service tool called [Lender Match](#) to help find a lender near you.

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<sup>1</sup> Source: U.S. House of Representatives Committee on Small Business



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### What is a 504 loan and how do I apply?

- The [504 Loan Program](#) provides loans of up to \$5.5 million to approved small businesses with longterm, 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. SBA has a free referral service tool called [Lender Match](#) to help find a lender near you.

### What is a microloan and how do I apply?

- 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. SBA has a free referral service tool called [Lender Match](#) to help find a microlender near you.

### I am unfamiliar with SBA loans, can anyone help me apply?

- Yes, SBA resource partners are available to help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center [here](#).