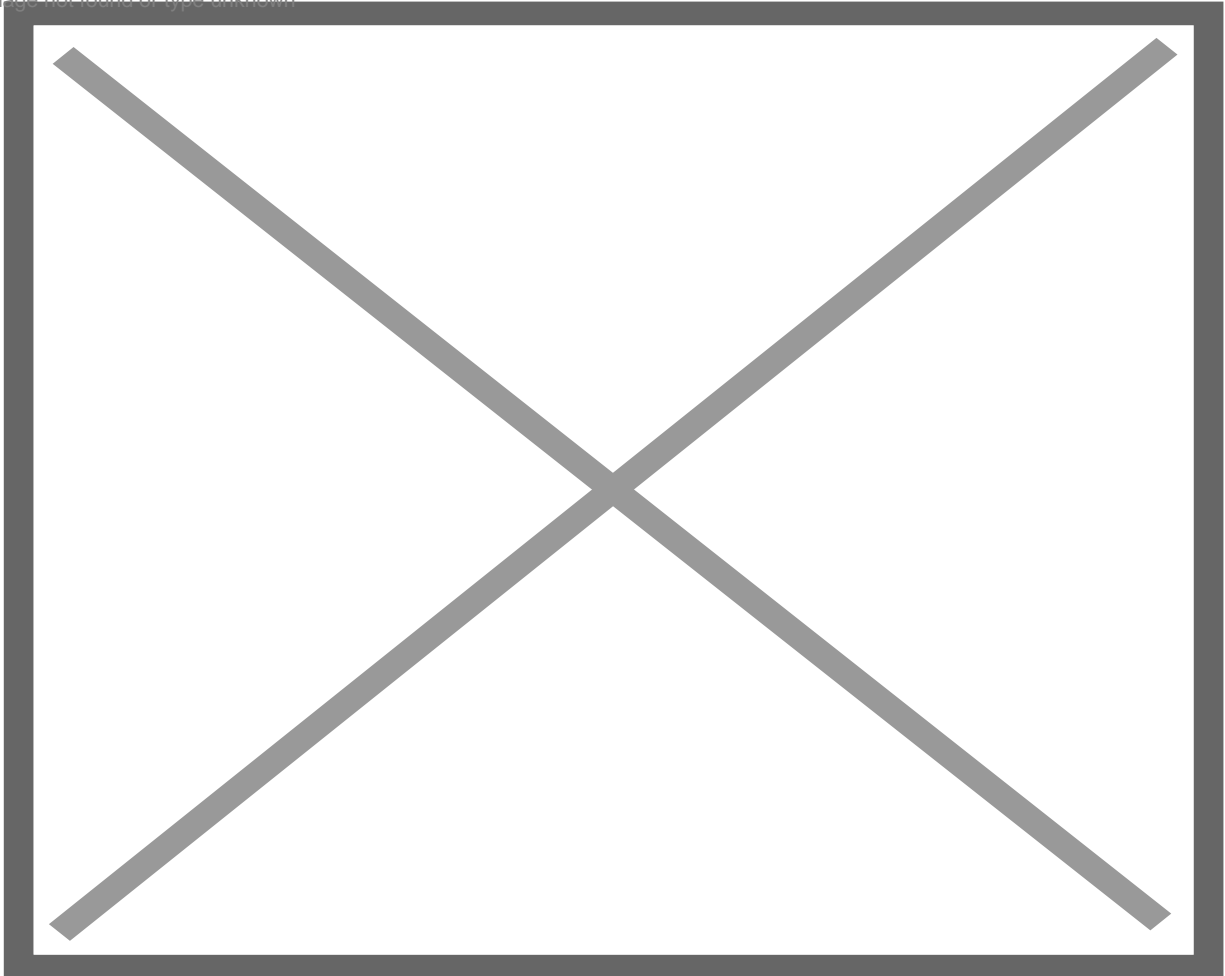


EIDL Loan Recipients Now Have 30-Month Deferment Period, According to the SBA

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U.S. Small Business Administration Administrator Isabella Casillas Guzman on Tuesday directed the agency to provide additional deferment of principal and interest payments for existing Covid Economic Injury Disaster Loan (EIDL) program borrowers. The total deferment is now 30 months from inception on all approved Covid EIDL loans. Previously it was 24 months.

The extended deferment period will provide additional flexibility to small business owners impacted by the pandemic, especially those in hard-hit sectors managing disruption with recent variants, as well as recent supply chain and inflation challenges amid a growing economic recovery, SBA said.

According to the release, since its inception, the COVID EIDL program, a federal disaster relief loan, has allocated more than \$351 billion in relief aid to 3.9 million borrowers, including to the smallest of small businesses from historically underserved, disadvantaged communities.

“Though our small business owners continue to power a historic economic recovery under the Biden-Harris Administration, we must continue to do everything in our power to meet our small businesses where they are with resources to ensure they can recover and thrive,” said SBA Administrator Guzman. “This extended principal and interest deferment will provide financial relief to millions of small business owners – particularly those hardest-hit by the pandemic and related marketplace challenges – so they can continue to pivot, adapt, and grow.”

Key information regarding deferment:

- This deferment extension is effective for all Covid-EIDL Loans approved in calendar years 2020, 2021, and 2022. Loans now have a total deferment of 30 months from the date of the Note. Interest will continue to accrue on the loans during the deferment.
- Borrowers may make partial or full payments during the deferment period but are not required to. The SBA recommends using www.pay.gov.
- The SBA will not send monthly SBA Form 1201 payment notices; however, the SBA will send regular payment reminders via email.
- Existing COVID EIDL borrowers can find account balances and payment due dates in the SBA Capital Access Financial System (CAFS) and learn how to set up an account in the CAFS system by logging in at [Capital Access Financial System \(sba.gov\)](http://Capital Access Financial System (sba.gov)).
- Deferments may result in balloon payments. The deferment will not stop any established Preauthorized Debit (PAD) or recurring payments on the loan. COVID-EIDL Borrowers with an SBA established PAD must contact their SBA servicing center to stop recurring payments during the extended deferment period. COVID-EIDL Borrowers who have established a PAD through Pay.Gov or any other bill pay service are responsible for terminating recurring payments during the extended deferment period.
- After the deferment period ends, COVID-EIDL Borrowers will be required to make regular principal and interest payments beginning 30 months from the date of the Note.

“This new action taken by the SBA and Administrator Guzman will give the smallest of small businesses more flexibility in recovering and returning to their pre-COVID strength. By extending the COVID EIDL deferment period, small businesses will be able to use capital obtained through sales to grow their businesses when it matters most,” added SBA Atlantic Regional Administrator Marlene Cintron, who oversees the federal agency’s operations in New York, New Jersey, Puerto Rico and the U.S. Virgin Islands.

In September 2021, Ms. Guzman [announced major enhancements](#) to the COVID Economic Injury Disaster Loan (EIDL) program. Key changes announced included:

- **Increased COVID EIDL Cap.** The SBA lifted the COVID EIDL cap from \$500,000 to \$2 million. Loan funds can be used for any normal operating expenses and working capital, including payroll, purchasing equipment, and paying off debt.
- **Implementation of a Deferred Payment Period.** The SBA ensured small business owners did not have to begin COVID EIDL repayment until two years after loan origination so that they could continue operating during the pandemic without having to worry about making ends meet.
- **Establishment of a 30-Day Exclusivity Window.** To ensure Main Street businesses have additional time to access these funds, the SBA implemented a 30-day exclusivity window of approving and disbursing funds for loans of \$500,000 or less. Approval and disbursement of loans over \$500,000 began after the 30-day period ended.
- **Expansion of Eligible Use of Funds.** The SBA allowed COVID EIDL funds to be used to prepay commercial debt and make payments on federal business debt.

- **Simplification of affiliation requirements.** To ease the COVID EIDL application process for small businesses, the SBA established simplified affiliation requirements to model those of the [Restaurant Revitalization Fund](#) (RRF).

Application Process and Fraud Control Enhancements

According to the release, addition to the policy enhancements, the SBA has invested in optimized processes and increased capacity to improve the customer service experience for applicants. Directed by Administrator Guzman to swiftly and drastically enhance COVID EIDL, the revamped management team implemented new processes and performance management, such as prioritizing personnel for COVID EIDL and increasing the average number of applications decisions made. At the time, the SBA accelerated daily processing of loan increases from close to 2,000 applications to more than 37,000 applications. Loan officer productivity also went from 1.86 applications per day to 15 applications per day. As a result of these increased loan review rates, the 600,000+ loan increase backlog was cleared, and new applications were processed immediately.

At the same time, and to ensure taxpayer dollars are used to support businesses that need COVID EIDL funding most, the SBA increased fraud controls and is working in collaboration with the SBA Inspector General to closely monitor the program.