NADCO Members,

Congress has passed a $2 trillion coronavirus relief/economic stimulus bill (the CARES Act), and the President is expected to sign into law today. Legislation includes the following provisions impacting SBA lenders:

• $17 Billion for SBA payment of borrower principal, interest, and fees for a 6-month period beginning with the next payment due, for 7(a) including Community Advantage, 504, and Microloan borrowers. This is not a deferment but is actual debt forgiveness for the borrower. These SBA payments will be enacted by SBA automatically. There is a provision that states if a borrower is already on deferment, the CARES Act debt forgiveness payments will activate at the end of the deferment period. Loans made today, and within the next 6 months, will also have their principal, interest, and fees paid by SBA for 6 months starting with the first payment. (See additional note below regarding deferments.)

• Permanent suspension of the interim final rule on the Express Loan Program and Affiliation Standards, thereby suspending the personal resources test.

• $325 Billion for the Payroll Protection Program, a special 100% guaranteed 7(a) program that includes a debt forgiveness provision. This program ends June 30, 2020.

• Increase in maximum loan size for the 7(a) Express Loan Program from $350,000 to $1,000,000.

The full text of the legislation can be found here. SBA guidance should follow within 30 days.

While this legislation does not include NADCO’s other major stimulus priorities, this bill is not the last in the legislative actions that Congress is considering. More packages will be discussed in the coming weeks. It is imperative that CDCs continue to press the NADCO agenda with legislative representatives and thank them for their support. Please go to the NADCO COVID-19 page for NADCO priorities and sample letters.

NADCO has received numerous inquiries regarding deferments submitted to CSA prior to the March 20th cut-off for April 1st payments and those submitted after the
March 20th cut-off. Deferment requests submitted to the CSA after the March 20 cut-off may be pulled back by the CDC to take advantage of the legislative relief and NADCO will notify CDCs of this process when available. NADCO is working with the SBA and the CSA to determine whether the terms of deferments that were put in place in March can be changed to allow participation in the CARES Act relief payments as soon as possible.

SBA has notified NADCO that Lender Match is down temporarily to implement necessary changes for this new legislation.

Stay safe,

Rhonda Pointon
President & CEO