

Expanded Eligibility for First Round Section 1112 Payments Under EAA

Loans APPROVED on or before September 27, 2020 and disbursed on or after September 28, 2020 are eligible for **First Round** 1112 Payments

These loans are eligible for Section 1112 payments for 6-month period beginning with next payment due (if in regular servicing) or if on deferment, beginning with the first month after deferment period

Loans fully disbursed between September 28, 2020 and January 19, 2021 are to be classified “Newly Eligible First Round Loans” as soon as possible but not later than the March 8, 2021 Monthly 1112 report

Loans approved on or before September 27, 2020 but NOT yet disbursed, are to be classified “Newly Eligible First Round Loans” as soon as disbursed and moved to regular servicing. These loans are to be classified as “Newly Eligible First Round Loans” on the Monthly Section 1112 report beginning with month in which first payment due.

Lenders to submit Monthly Section 1112 Report for Newly Eligible First Round Loans not later than the 7th day of each month or next business day

The First Round Section 1112 Payments must be completed before a Newly Eligible First Round Loan may receive any Second Round Section 1112 Payments, as described in Section III below.

EXAMPLES: If a loan on a monthly payment schedule was approved on August 31, 2020, and fully disbursed on October 20, 2020, the loan is now eligible for the First Round Section 1112 Payments and the following procedures would apply:

Example A: If the Borrower made the loan payments for November and December 2020 and January 2021, SBA would make the Section 1112 payments for a 6-month period beginning with the next monthly loan payment due in February 2021. With its February Monthly Section 1112 Report, Lender would submit the information needed for SBA to make the loan payment for one month (February), and then submit the information necessary for making the payments in each of the five subsequent months.

Example B: If the loan payments for November and December 2020 and January 2021 are past due, SBA would make the Section 1112 payments for a 6-month period beginning with the amounts past due for November, December and January. With its February Monthly Section 1112 Report, Lender would submit the information needed for SBA to make the loan payments for four months (November through February). The Lender would then submit the loan information necessary for making the payments in each of the two subsequent months (March and April).

Second Round Section 1112 Payments

Covered Loans

- No PPP Loans
- 7a Loans that have been moved from “approval” to “regular servicing status” (e.g. loan closed and fully disbursed)
- No loans that are, or should be, in “liquidation”
- No loans more than 120 past due from first payment due date under Section 1112

Second Round Payments for:

- **Loans approved before March 27, 2020** and **not** on deferment:
 - 3-months for period beginning with first payment due on or after Feb. 1, 2021
 - If loan still receiving First Round Payments on or after Feb. 1 2021 – 3-month Second Round Payments begin the first month after First Round Payments end

For loans approved Feb. 1, 2021 to September 30, 2021 for the 6-month period beginning with the first payment due on the loan after moved to regular servicing

Second Round Payments for:

- **Loan approved before March 27, 2020** and **on** deferment:
 - 3-months for period beginning on or after Feb. 1, 2021 with the later of:
 - The next payment due after the deferment period OR
 - The first month after the end of First Round Section 1112 Payments
 - An additional 5-month period following the 3-month period for NAICS Codes 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, 812

Loans approved **September 28, 2020 to January 31, 2021** are **NOT** eligible for Second Round Payments

For loans approved **March 27, 2020 to September 27, 2020** SBA may make Second Round Payments if funds available

Second Round Monthly Payment may not exceed \$9,000 monthly

Borrowers are responsible for paying any loan amounts in excess of \$9,000/month on mutually agreeable terms

NAICS Codes – Industries eligible for an additional 5-months payments

61: Educational Services (Elementary School, Exam Prep, Trade School)

71: Arts, Entertainment and Recreation (Casino, Museum, Golf Course)

72: Travel, Accommodation, Food Services (Hotel, Caterer, Restaurant, Bar)

213: Support activities for Mining

315: Apparel Manufacturing

448: Clothing Stores

451: Book Stores and News Dealers

481: Scheduled Air Transportation

485: Urban Transit

487: Scenic and Sightseeing Transportation, Land and Air

511: Newspaper, Periodical, Book, Directory, Software Publishers

512: Motion Picture and Video Industries

515: Radio and Television Broadcasting

532: Automotive and Equipment Rental and Leasing

812: Personal Care Services (Barber and Beauty Shops, Death Care/Funeral Home, Drycleaning)

**First Round and Newly Eligible First Round
Section 1112 Payments (6 months)**

Loans approved on or before
9/27/2020

+

Loans fully disbursed on or after
9/28/2020

=

Eligible for **First Round** 1112 Payments

Loans fully disbursed between
9/28/2020 and 1/19/2021

=

Newly Eligible **First Round** Loans

Loans approved on or before 9/27/2020
but not yet disbursed

=

Newly Eligible **First Round** Loans

Second Round Section 1112 Payments

Loans approved before March 27, 2020 and not on
deferment -> 3 months

Loans approved before March 27, 2020 and on deferment
(An additional 5-month period following the 3-month period for NAICS Codes
61,71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, 812)

Loans approved February 1, 2021 to September 30, 2021 and
in regular servicing -> 6 months