



COVID-19 DEBT RELIEF

Dear OSDC Partners and Borrowers,

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on Friday, March 27. The CARES Act contained several provisions to help small businesses respond to strain on cash flow as a result of the COVID-19 outbreak. Part of this legislation included debt relief for existing SBA 504 borrowers. OSDC learned late yesterday that this debt relief will start today, April 1.

Beginning April 1, SBA will be making six months of loan payments on behalf of small businesses that have an existing SBA 504 loan.

These debt relief payments include all principal, interest, and fees due on existing SBA 504 loans through September 2020. SBA will also be making payments on SBA 7(a), Community Advantage, and Microloans.

For any businesses that had already requested a loan deferment starting in April, your business will still be eligible for six months of debt relief. We are waiting for additional guidance from SBA on how the debt relief payments will be applied in those situations. Once we learn more, an OSDC team member will reach out to you with additional details.

The CARES Act also included additional working capital options for small businesses. Here are some highlights of the two loan programs SBA is offering to assist with working capital during the COVID-19 outbreak:

Economic Injury Disaster Loans

- Apply through SBA
- Include option for \$10,000 grant within 3 days of applying
- Loan amounts up to \$2 million
- First year of payments are deferred
- Loan terms up to 30 years
- 3.75% interest

Paycheck Protection Program

- Apply through local lender (e.g. bank)
- Include loan forgiveness for funds spent on payroll, mortgage interest, rent, & utilities
- Loan amounts up to 2.5x average monthly payroll
- 2-year maturity
- 0.5% interest

You can find more information on these programs on our website at www.osdc.net/covid19. OSDC is here to help you navigate these options. Please give us a call if you have questions or want to talk through whether these programs could help your small business.

In your corner,

Michael Kinninger
Executive Director, OSDC