SBA Procedural Notice

TO: All SBA Employees and Paycheck Protection Program Lenders

SUBJECT: Refinance of EIDL Loans with PPP Loan Proceeds and Lender Remittance of EIDL Refinance Proceeds to SBA

CONTROL NO.: 5000-20032
EFFECTIVE: 6/19/20

The purpose of this Notice is to provide guidance for when Paycheck Protection Program (PPP) loan proceeds must be used to refinance U.S. Small Business Administration (SBA) Economic Injury Disaster Loans (EIDL) and to inform PPP Lenders of the procedure for remitting to the SBA any PPP loan proceeds designated for the refinance of an EIDL.

An EIDL Loan May Not Be Refinanced with a PPP Loan When:

- The PPP Borrower received the EIDL loan before January 31, 2020 or after April 3, 2020.

An EIDL Loan is Not Required to Be Refinanced with a PPP Loan When:

- The PPP Borrower received funds from an EIDL loan from January 31, 2020 through April 3, 2020; and
- The PPP Borrower used the EIDL loan for purposes other than payroll costs.

A PPP Loan Must Be Used to Refinance the Full Amount of the EIDL Loan When:

- The PPP Borrower received funds from the EIDL loan from January 31, 2020 through April 3, 2020; and
- The PPP Borrower used the EIDL loan funds to pay payroll costs.

The amount of the EIDL loan to be refinanced does not include the amount of any EIDL “advance” (also referred to as an EIDL “grant”) received by the PPP Borrower, because the EIDL advance does not need to be repaid.
For PPP loans where SBA Form 2484, “Lender Application Form – Paycheck Protection Program Loan Guaranty,” Section D, Loan Amount Information, included an amount for the “Refinance of Eligible Economic Injury Disaster Loan, net of Advance,” PPP Lenders must disburse and remit loan proceeds used to refinance an EIDL loan directly to SBA (not to the PPP Borrower).¹

If the PPP Lender has already disbursed directly to the Borrower the loan proceeds allocated to refinance an EIDL loan, the PPP Lender is responsible for notifying the Borrower of the amount of PPP loan proceeds that must be remitted by the Borrower to SBA.

Borrowers and Lenders must electronically remit EIDL refinance payments to SBA using the U.S. Treasury website Pay.gov (https://pay.gov/public/form/start/3723407) and completing the SBA Form 1201, “Borrower Payments Form.” To ensure the payment is accurately applied, the EIDL Loan Number must be entered in the SBA Loan Number field (NOT the PPP loan number).

- Borrowers can obtain their EIDL loan payoff information by contacting the SBA Disaster Loan Servicing Center at (800) 736-6048.
- PPP Lenders can confirm the correct payoff information for the Borrower’s EIDL loan by contacting the PPP Lender Customer Service Line at 1-833-572-0502.

Questions concerning this Notice may be directed to the Lender Relations Specialist in the local SBA Field Office. Local SBA Field Offices can be found at https://www.sba.gov/tools/local-assistance/districtoffices.

William M. Manger
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Office of Capital Access

¹ Direct disbursement to SBA of EIDL refinance proceeds is required by the sixth PPP Interim Final Rule, 85 FR 26321, 26323 (May 4, 2020).