

SBA Releases Notice on Refinancing EIDL Program with PPP Proceeds

On Friday, the Small Business Association (SBA) released a notice to provide guidance on using Paycheck Protection Program (PPP) proceeds to refinance SBA Economic Injury Disaster Loans (EIDL).

Key highlights include:

- Any EIDL received before January 31, 2020, or after April 3, 2020, may not be refinanced with PPP proceeds.
- If PPP borrowers received EIDL funds between January 31, 2020, and April 3, 2020:
 - Borrowers *must* refinance the full amount of the EIDL using PPP proceeds if the EIDL funds were used for payroll costs.
 - Refinancing is not required if the EIDL was used for purposes other than payroll.
- An EIDL "advance" (also referred to as an EIDL "grant") is not included in the amount to be refinanced. Per SBA, an EIDL advance does not need to be repaid.
- PPP lenders must remit funds directly to SBA if a PPP loan included an amount for EIDL refinance. If a PPP lender has already disbursed loan proceeds directly to the borrower, the lender is responsible for notifying the borrower of the amount that the borrower must remit to SBA.

To electronically remit EIDL refinance payments to SBA, borrowers and lenders may [click here](#) to complete SBA Form 1201 through the Treasury website. To ensure that payment is accurately applied, the "SBA Loan Number" on the form must be the EIDL number.

A printable version of SBA's Notice can be found by clicking [HERE](#).

Contact Us

Fraser Stryker's business attorneys are here to help:



Mark L. Brasee

mbrasee@fraserstryker.com

(402) 978-5306



Neil P. Hassler

nhassler@fraserstryker.com

(402) 978-5374

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