



# SBA Procedural Notice

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**TO:** All SBA Employees and Paycheck Protection Program Lenders

**CONTROL NO.:** 5000-20029

**SUBJECT:** Lender Remittance of EIDL Refinance Proceeds to SBA

**EFFECTIVE:** June 1, 2020

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

If a PPP Borrower received an SBA EIDL loan from January 31, 2020 to April 3, 2020 and the PPP Borrower used the EIDL loan to pay payroll costs, the PPP loan must be used to refinance the outstanding amount of the EIDL loan. The amount of the EIDL loan to be refinanced does not include the amount of any EIDL “advance” (sometimes referred to as an EIDL “grant”) received by the PPP Borrower in connection with its EIDL loan application, because the EIDL advance does not need to be repaid.

Note: If the PPP Borrower used the EIDL loan for purposes other than payroll, the EIDL loan is not required to be refinanced with the PPP loan. Additionally, if the PPP Borrower received an EIDL loan before January 31, 2020 or after April 3, 2020, the EIDL loan cannot be refinanced with the PPP loan.

For PPP loans where the lender application included an amount for the “Refinance of Eligible Economic Injury Disaster Loan, net of Advance,”<sup>1</sup> PPP Lenders must disburse and remit PPP loan proceeds that will be used to refinance an EIDL loan directly to SBA and not to the PPP Borrower. Direct disbursement to SBA of EIDL refinance proceeds is required by the sixth PPP Interim Final Rule, 85 FR 26321, 26323 (May 4, 2020). If the PPP Lender has already disbursed the PPP loan proceeds intended to be used to refinance an EIDL loan directly to the PPP Borrower, the PPP Lender is responsible for notifying the PPP Borrower that the appropriate

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<sup>1</sup> Section D, Loan Amount Information, in the Lender Application Form – Paycheck Protection Program Loan Guaranty (SBA Form 2484).

amount of PPP loan proceeds must be remitted by the PPP Borrower to SBA to refinance the PPP Borrower's EIDL loan.

Borrowers and Lenders must remit EIDL refinance payments to SBA electronically 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).

PPP Borrowers can obtain their EIDL loan payoff information by contacting the SBA Disaster Loan Servicing Center at (800) 736-6048. PPP Lenders can also confirm the correct payoff information for the PPP 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>.

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