

**Express Bridge Loan Pilot Program
PROGRAM GUIDE**

Version 2

Effective as of March 25, 2020

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I. What is the Express Bridge Loan (EBL) Pilot Program?

Initiative Overview. Pursuant to its authority under the Small Business Act, the U.S. Small Business Administration (“SBA” or the “Agency”) provides direct loan assistance to small businesses located in communities impacted by Presidentially-declared disasters and disasters declared by SBA under its own authority. The EBL Pilot Program, announced by publication of a notice in the Federal Register on October 16, 2017 ([82 FR 47958](#)), is designed to supplement the Agency’s direct disaster loan capabilities. As originally announced, the EBL Pilot Program authorizes SBA Express Lenders to provide expedited SBA-guaranteed bridge loan financing on an emergency basis in amounts up to \$25,000 for disaster-related purposes to small businesses located in communities affected by Presidentially-declared disasters while those small businesses apply for and await long-term financing (including through SBA’s direct Disaster Loan Program, if eligible).

Effective March 25, 2020, (announcement by publication of a notice in the Federal Register will follow), SBA expanded program eligibility to include small businesses nationwide adversely impacted under the Coronavirus Disease (COVID-19) Emergency Declaration issued by President Trump on March 13, 2020 (“COVID-19 Emergency Declaration”). Because the COVID-19 Emergency Declaration covers all states, territories, and the District of Columbia, eligible small businesses under the EBL Pilot Program include small businesses located in any state, territory and the District of Columbia that have been adversely impacted by the COVID-19 emergency. The notice also stated that all references to disasters in the EBL Pilot Program requirements will include the COVID-19 emergency. In the same notice, SBA extended the term of the EBL Pilot Program through March 13, 2021.

EBL loans can only be made up to six months after the date of an applicable Presidential Disaster Declaration. For the COVID-19 Emergency Declaration, EBL loans can be approved through March 13, 2021.

The EBL Pilot Program applies the policies and procedures in place for the SBA Express program, except as outlined in this Guide. In the October 16, 2017 Federal Register Notice, SBA exercised its authority under [13 CFR § 120.3](#) to modify the requirements of [13 CFR § 120.150](#) (“What are SBA’s lending criteria?”) to allow SBA Express Lenders to use a streamlined underwriting process for EBL loans. The modification of the 7(a) lending criteria will minimize the burden on small businesses applying for loans through the EBL Pilot Program and encourage SBA Express Lenders to participate in the pilot.

On May 7, 2018, SBA published a second Federal Register Notice ([83 FR 19921](#)) refining the EBL Pilot Program to restrict the fees that can be charged in connection with an EBL loan.

The EBL Pilot Program became available for use on October 16, 2017 and will expire on March 13, 2021. EBL loans must be approved on or before the Pilot expiration date, as evidenced by the issuance of an SBA loan number. SBA will evaluate the initiative using the criteria set forth in the October 16, 2017 Federal Register Notice and make a determination whether to make the initiative permanent or further extend or terminate it.

Not more than ten percent of the total number of 7(a) loans guaranteed by SBA in any fiscal year may be made under the EBL Pilot Program. See [15 U.S.C. 636\(a\)\(25\)](#). While SBA does not expect the number of EBL loans to reach that limit, SBA will provide public notice of the need to suspend lending under the pilot for the remainder of the fiscal year if SBA determines that the number of EBL loans is approaching the limit.

II. What Lenders are authorized to make an EBL Loan?

- A. EBL loans can only be made by SBA Express Lenders that had a valid [SBA Form 2424](#), “Supplemental Loan Guaranty Agreement SBA Express Program,” in effect as of the date of the applicable disaster. (For the COVID-19 Emergency Declaration, the date of the applicable disaster is March 13, 2020.)
- B. SBA Express Lenders may only make EBL loans to eligible small businesses with which the Lender had an existing banking relationship on or before the date of the applicable disaster.
 1. A relationship with any of the SBA Express Lender’s affiliates will not satisfy the requirement of an existing banking relationship.
 2. Lenders are cautioned that the provisions of [13 CFR § 120.140](#) (“What ethical requirements apply to participants?”) continue to apply to the EBL Pilot Program.

III. What Small Businesses are eligible for the EBL Pilot Program?

EBL loans may only be made to:

- For Presidential Disaster Declarations, small businesses that were located, as of the date of the applicable disaster, in Primary Counties that were declared disaster areas under the Presidential Disaster Declaration or in any Contiguous Counties; or
- For the COVID-19 Emergency Declaration, small businesses located in any state, territory and the District of Columbia that have been adversely impacted by the COVID-19 emergency.

The small business must have been operational when the declared disaster commenced and must meet all other 7(a) loan eligibility requirements as set forth in 13 CFR §§ [120.100](#) through [120.111](#) and [SOP 50 10](#).¹

IV. What Declarations are covered under the EBL Pilot Program and where is information on the Declarations located?

A. Presidential Disaster Declarations

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, [42 U.S.C. § 5121 et seq.](#), the President can declare a Major Disaster for any natural catastrophe, or, regardless of cause, any fire, flood, or explosion, that the President determines has caused damage of such severity that it is beyond the combined capabilities of state and local

¹ SOP 50 10 is updated from time to time. The version of SOP 50 10 in effect at the time of loan approval governs the EBL loan.

governments to respond. Each Presidential disaster declaration designates the geographical areas that are adversely affected by the disaster.

When the President declares a Major Disaster and authorizes federal assistance that includes SBA Disaster Loans, SBA publishes a notice in the Federal Register advising the public of the availability of SBA direct loans for the disaster and stating the Primary and Contiguous Counties comprising the eligible disaster area. See [13 CFR § 123.3](#). See also [SOP 50 30](#), Disaster Assistance Program.

A listing of Presidentially-declared disasters, including the Primary and Contiguous Counties for each declaration is available on the [Disaster Loan Assistance website](#).

From the listing of “Presidential and SBA Agency Declared Disasters,” Lenders must select the applicable incident and click on the link through to a webpage titled “Disaster Declaration Details.” Lenders must review the “Disaster Declaration Details” and click on the link to the “Disaster Declaration” file to view the Federal Register Notice issued by SBA in order to identify the following:

1. Confirmation that the incident is a “Presidential Declaration of a Major Disaster.” The EBL Pilot is not available for “Administrative Declarations of Disaster” (i.e., disasters declared by the SBA Administrator, Secretary of Agriculture, or Secretary of Commerce).
2. The date on which the Presidential disaster declaration was issued. Please note that the “Disaster Declaration Details” webpage includes an “Effective Date,” which may not be the same as the date of the Presidential declaration. Lenders must confirm the date of the Presidential disaster declaration because EBL loans may only be made up to six months after the date of the applicable Presidential disaster declaration.
3. The dates of the “Incident Period.” The small business applicant must have been operational when the declared disaster commenced, which is indicated by the start date of the “Incident Period.”
4. The eligible Primary and Contiguous Counties comprising the disaster area. The small business applicant must have been located, as of the date of the disaster, in an eligible Primary or Contiguous County.

B. COVID-19 Emergency Declaration

The procedures in Section IV.A. above do not apply to the COVID-19 Emergency Declaration. For the COVID-19 Emergency Declaration, a small business located in any state, territory and the District of Columbia that has been adversely impacted by the COVID-19 emergency is eligible for an EBL loan, provided that all other eligibility requirements have been met. For the COVID-19 Emergency Declaration, the date of the applicable disaster is March 13, 2020 and the small business must have been operational on that date.

V. What are the key EBL Pilot Program requirements?

The EBL Pilot Program applies the SBA Loan Program Requirements (as defined in [13 CFR § 120.10](#)) in place for the SBA Express program, except as outlined in this Guide. As such, SBA

Express Lenders that make EBL loans must follow their established and proven internal policies and procedures used for their similarly-sized, non-SBA guaranteed commercial loans.²

In addition to the specific eligibility requirements for EBL loans, SBA Express Lenders are expected to be fully familiar with SBA's eligibility requirements for SBA Express loans as set forth in SBA Loan Program Requirements and must screen all EBL applicants and loans to ensure they meet those requirements.

VI. What are the required terms and conditions for EBL loans?

- A. Credit Not Available Elsewhere. As with all 7(a) loans, EBL applicants must demonstrate the need for the desired credit (i.e., they must meet the SBA's "credit elsewhere" requirements). See [13 CFR §§ 120.101 and 120.102](#). The Lender must certify on the [SBA Form 1920](#), "Lender's Application for Loan Guaranty," that the EBL applicant does not have the ability to obtain some or all of the requested loan funds on reasonable terms from non-Federal sources, including the Lender, without SBA assistance, and requires the Lender to fully document the basis for that determination in its loan file. Failure of the Lender to adequately address the EBL applicant's need for the desired credit may result in SBA denying liability on the guaranty.
- B. Business location (Presidential Disaster Declarations Only). The Lender must document in the credit memorandum that the EBL applicant had an operating business located, as of the date of the applicable disaster, in a Primary County declared as a disaster area under a Presidential Disaster Declaration or in a Contiguous County. Lender may use internal documents obtained through its existing relationship with the applicant that contain the business address in order to verify the location of the business.
- C. Adverse Impact (COVID-19 Emergency Declaration Only). For EBL loans made under the COVID-19 Emergency Declaration, the Lender must document in the credit memorandum that the EBL applicant had an operating business as of March 13, 2020 and that the applicant has demonstrated that it has been adversely impacted by the COVID-19 emergency.
- D. Eligibility period. For Presidential Disaster Declaration loans, Lenders may only obtain SBA loan numbers for EBL loans in a particular disaster area for a period of 6 months from the date of the applicable Presidential Disaster Declaration. For COVID-19 Emergency Declaration loans, Lenders may obtain SBA loan numbers for EBL loans through March 13, 2021.
- E. Multiple loans. An EBL applicant (including affiliates, as defined in [13 CFR § 121.301\(f\)](#)) may obtain only one EBL loan per Declaration. An EBL loan will not count towards the maximum limitation on the amount of SBA Express loans that can be outstanding to any borrower (including affiliates). An EBL loan will, however, count towards the maximum limitation on the amount of 7(a) loans that can be outstanding to any borrower (including affiliates).

² As set forth in SOP 50 10, when SBA Express Lenders follow their own policies and procedures on their similarly-sized, non-SBA guaranteed commercial loans, SBA Express Lenders that are Small Business Lending Companies (SBLCs) must follow their written policies and procedures that have been reviewed by SBA.

- F. Maximum loan amount. The maximum gross loan amount under the EBL Pilot Program is \$25,000.
- G. Maximum guaranty percentage. For an EBL loan, the SBA guaranty percentage is limited to the maximum guaranty percentage for SBA Express loans. The guaranteed amount of an EBL loan will count towards the maximum SBA exposure that may be outstanding for all SBA loans to a borrower and its affiliates at any one time.
- H. Maximum maturity/loan term.
1. The EBL loan must be structured as a term loan (revolving lines of credit are not permitted).
 2. The maximum EBL loan term is 7 years.
 3. The Lender may require the EBL borrower to pay the EBL loan in part or in full if the borrower is approved for long-term disaster financing (including an SBA Direct Disaster loan) that allows loan proceeds to be used for EBL loan reimbursement; or
 4. The Lender may permit the loan to amortize over a maximum term of 7 years if the borrower does not obtain long-term disaster financing.
- I. Secondary market sales prohibited. EBL loans cannot be sold in SBA's secondary market. EBL loans are intended to be interim loans, thus SBA has determined pursuant to [13 CFR § 120.612\(a\)\(3\)](#) that the sale of such loans in SBA's secondary market would not be conducive to the successful operation of the secondary market program.
- J. Use of Proceeds.
1. For Presidential Disaster Declarations, EBL loan proceeds must be used exclusively to support the survival and/or reopening of the small business within the eligible Primary or Contiguous Counties. For the COVID-19 Emergency Declaration, EBL loan proceeds must be used exclusively to support the survival and/or reopening of the small business.
 2. For Presidential Disaster Declarations, Lenders must certify in the credit memorandum that the EBL loan proceeds will be used by the borrower to support the survival and/or reopening of the small business within the eligible Primary or Contiguous Counties. For the COVID-19 Emergency Declaration, Lenders must certify in the credit memorandum that the EBL loan proceeds will be used by the borrower to support the survival and/or reopening of the small business. This certification must be included with any guaranty purchase request to SBA.
 3. For Presidential Disaster Declarations, EBL loan proceeds may be disbursed as working capital, or for specific disaster-related purposes, such as the purchase of generators, repair or replacement of disaster-damaged equipment or inventory, making repairs to the business premises, etc. For the COVID-19 Emergency Declaration, EBL loan proceeds must be disbursed as working capital.
- K. Maximum Allowable Interest Rate. The EBL Pilot Program follows the SBA Express interest rate policy. An EBL loan may have a fixed or variable interest rate.
1. Because an EBL loan is limited to \$25,000, a Lender may charge up to 6.5% over the Prime rate, regardless of the maturity of the loan.

2. For variable rate loans, a Lender may use the same base rate of interest it uses on its similarly-sized, non-SBA guaranteed commercial loans; however, the interest rate throughout the term of the loan cannot exceed the maximum SBA Express interest rate allowed of Prime + 6.5%.
3. A Lender may charge a default interest rate if it does so for its similarly-sized, non-SBA guaranteed commercial loans, as long as the interest rate does not exceed the amount stated above.

L. Fees.

1. Upfront Guaranty Fee. All EBL loans are subject to the same upfront guaranty fees as required for 7(a) loans of similar size and maturity. See [13 CFR § 120.220](#) and [SOP 50 10](#). Lenders are advised to refer to SBA Notices and/or SOP 50 10 for updates on fee relief initiatives, if any, for each fiscal year.
2. Lender's Annual Service Fee (SBA Ongoing Guaranty Fee). All EBL loans are subject to the same Lender's annual service fee as required for all 7(a) loans. See [13 CFR § 120.220\(f\)](#) and SOP 50 10.
3. Other Fees. In order to ensure that EBL applicants and borrowers are charged only those additional fees reasonably necessary in connection with an EBL loan, SBA published the May 7, 2018 Federal Register Notice ([83 FR 19921](#)) modifying the regulation at [13 CFR § 120.221](#) to permit Lenders to collect only the following:
 - a) Lender Fees. A Lender must not impose any fees or direct costs on an EBL applicant or borrower, except for the following:
 - i. Application Fee: Lenders may charge an EBL applicant an application fee. The maximum permissible application fee is 2% of the loan amount or \$250, whichever is greater. If an application fee is charged, it must be disclosed on [SBA Form 159](#), "Fee Disclosure and Compensation Agreement." If an undisbursed loan is canceled, the Lender may retain the application fee. The application fee is optional; therefore, a Lender may choose not to collect an application fee.
 - ii. Late Payment Fee: A late payment fee not to exceed 5 percent of the scheduled EBL loan payment; and
 - iii. Liquidation Costs: The reasonable direct costs of liquidation.
 - b) Prohibition on all other fees and charges, including by loan packagers, referral agents or brokers. Except as permitted in L.3.a) above, no other fee or costs may be charged to an EBL applicant or borrower by the Lender or any third party in connection with an EBL loan, including any referral fee, broker's fee or similar fee. Because an existing banking relationship is a requirement for an EBL loan, there is no need for either the applicant or the Lender to pay a referral fee, broker's fee, or similar fee in connection with an EBL loan.

M. Collateral. The SBA Express collateral policy applies to EBL loans. Because the maximum amount of an EBL loan is \$25,000, Lenders are not required to take collateral for EBL loans.

VII. What are the credit standards and underwriting requirements for EBL loans?

Lenders may follow a streamlined underwriting process for EBL loans by considering only the following:

A. Credit Scores.

1. **SBSS Score.** All EBL applications will begin with a screening for a FICO Small Business Scoring Service Score (SBSS Score). The SBSS Score is calculated based on a combination of consumer credit bureau data, business bureau data, borrower financials, and application data. To screen an application for an SBSS Score, the Lender will enter certain fields into E-Tran Loan Origination and an SBSS Score will be generated. See SOP 50 10 for the data fields required to generate an SBSS Score.
 - a) The minimum acceptable SBSS Score for an EBL loan applicant is 130. If the applicant does not receive the minimum acceptable SBSS Score or greater, the loan is not eligible for the EBL Pilot Program.
 - b) SBA may adjust the minimum acceptable SBSS Score up or down from time to time during the EBL Pilot Program and will post any such adjusted score on its website. See the [7\(a\) loan program page](#) in the For-Partners section.
2. **Personal Credit Score.** Lender must obtain a personal credit score for each guarantor. The personal credit score(s) must be satisfactory under the Lender's standards for its similarly-sized, non-SBA guaranteed commercial loans. The Lender's credit memorandum for the EBL loan must document the adequacy of the personal credit score(s).

B. IRS Tax Transcript or Equivalent. Prior to any disbursement of EBL loan proceeds, Lender must submit a signed IRS Form 4506-T to the Internal Revenue Service (IRS) and obtain an IRS tax transcript for the EBL applicant business for the purpose of verifying the existence of the business as of the date the applicable disaster commenced and confirming that the EBL applicant has filed required tax returns. The Lender must retain this documentation in the loan file. For businesses located in Puerto Rico, the Lender must obtain the acceptable equivalent (confirmation of tax filing with the Hacienda) prior to any disbursement of EBL loan proceeds. For businesses in operation prior to the disaster but not long enough to have been required to file a tax return, Lender must provide an acceptable alternative to verify the existence of the business as of the date the applicable disaster commenced.

C. Existing Banking Relationship. As discussed above, the Lender must have an existing banking relationship with the EBL applicant as of the date of the applicable disaster in order to help mitigate the risks associated with the streamlined underwriting process under the EBL Pilot Program. The Lender must document this existing banking relationship in the credit memorandum. Acceptable documentation may include a copy of a current bank statement, an existing Note, or other official bank documents that reference the EBL applicant's business address. A relationship with any of the Lender's affiliates will not satisfy this requirement.

VIII. How does a Lender process and submit the guaranty application for an EBL Loan?

A. Eligibility in General. SBA grants SBA Express Lenders increased responsibility for screening applicants and loans for eligibility. In addition to the specific EBL Pilot Program eligibility requirements outlined above, the EBL applicant must meet all other 7(a) loan eligibility requirements, including those found in 13 CFR §§ [120.100](#) through [120.111](#) and [SOP 50 10](#). Lenders must screen all EBL applicants and loans to ensure that they meet all eligibility requirements before submitting the request for an EBL loan number to SBA.

1. In screening the EBL applicant and loan for eligibility, a Lender may, in general, rely on certifications provided by the applicant, several of which are included in [SBA Form 1919](#), “Borrower Information Form,” that will be used for the EBL Pilot Program. For example, certifications regarding character and other eligibility factors are included in the SBA Form 1919. In the case of size, the Lender may rely on information provided by the applicant at the date of application, unless the Lender has credible evidence to the contrary.

However, other eligibility issues will require closer attention from the Lender. If, for example, a franchise is involved, the Lender must follow the procedures for processing franchise loans in SOP 50 10.

The Lender must maintain appropriate documentation in the loan file supporting the eligibility of the EBL applicant and loan.

2. The EBL Applicant must Be Small Under SBA Size Requirements ([13 CFR Part 121](#)). The EBL applicant business, together with its affiliates (as defined in [13 CFR § 121.301\(f\)](#)), must be small under either the industry size standards or the alternative size standard applicable to the 7(a) Loan Program. *See* SOP 50 10. The size of the EBL applicant is determined as of the date the EBL loan is approved by the Lender. (Note: SBA Economic Injury (EIDL) direct disaster loans are available only to businesses that were small under the industry size standards when the declared disaster commenced ([13 CFR § 123.300\(b\)](#)), while SBA Physical (repair and/or replacement) direct disaster loans are available to businesses of all sizes.)
3. The EBL Applicant and its Associates must be of Good Character. The EBL Applicant and its Associates (as defined in [13 CFR § 120.10](#)) must be of good character.

The Agency cannot guarantee a 7(a) loan, including an EBL loan, to a small business with an Associate who is:

- a) Incarcerated, on probation, on parole (an individual with a deferred prosecution is treated as if the individual is on probation or parole); or
- b) Currently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction.

The character evaluation process to determine eligibility begins with the Applicant and Associates answering the applicable questions on [SBA Form 1919](#),

Borrower Information Form. If questions 17, 18, and 19 of SBA Form 1919, are all answered “no,” the Lender may process the EBL loan. **If any answer to question 17 is “yes,” the loan is ineligible for the EBL Pilot Program. If any answer to question 18 and/or 19 is “yes,” the Lender must obtain the required [SBA Form 912](#), “Statement of Personal History,” and follow the steps outlined in SOP 50 10 prior to submitting the request for an EBL loan number.**

4. No Delinquent Federal Debt or Prior Loss. Unless waived by SBA for good cause, SBA cannot provide assistance to an EBL applicant if there is a Delinquent Federal Debt or if there has been a Prior Loss to the Government. EBL Lenders are responsible for complying with the requirements and procedures set forth in SOP 50 10 related to Delinquent Federal Debt and Prior Loss, and are responsible for checking the Credit Alert Verification Reporting System (CAIVRS) for EBL applicants to determine if any of the individuals or businesses identified in SOP 50 10 have outstanding Delinquent Federal Debt or Prior Loss.
- B. Application Submission. After an eligible applicant receives the minimum acceptable SBSS Score or greater during the initial E-Tran screening, the Lender must submit the guaranty application using E-Tran or SBA One to receive an SBA loan number.

IX. What forms are required?

The EBL Pilot follows SBA Express processing procedures, except as outlined in this Guide. Program forms can be found on the [SBA website](#). All EBL Pilot loan files must include the forms and information the Lender requires in order to make an informed eligibility and credit decision. Any application form obtained by the Lender from the applicant must be certified by the applicant as true and complete. Lenders processing EBL loans must obtain and retain all required documentation in their file.

The following forms are required:

- A. [SBA Form 1920](#). Lender must complete and sign SBA Form 1920, “Lender’s Application for Loan Guaranty.”
- B. [SBA Form 1919](#). EBL Applicants and their Associates must complete and sign SBA Form 1919, “Borrower Information Form.”
- C. [SBA Form 159](#). If the EBL applicant paid or committed to pay an application fee to the Lender, then an SBA Form 159 must be fully completed and signed by the EBL applicant and the Lender. See also, Section VI.L. above.

Lenders must submit SBA Form 159 to SBA’s Fiscal Transfer Agent (“FTA”) on EBL loans that involve payment of an application fee to the Lender. This submission is required only once after there has been an initial disbursement on the loan and should be submitted in conjunction with a Lender’s 1502 report for the month. The information must be submitted by electronic document imaging using either the Portable Document Format (.pdf) or the Tagged Information Format (.tif). Lenders must email the pdf/tif file to Form159@colsonservices.com. Lenders are required to retain an original signature version of the form in their files for compliance review purposes.

- D. [SBA Form 601](#). For any EBL loan where proceeds will be used for construction of more than \$10,000, as indicated on SBA Form 1920, the EBL applicant and contractor must execute SBA Form 601, "Applicant's Agreement of Compliance." The Lender must keep the original signed SBA Form 601 in its loan file. The Lender does not send the form to SBA.
- E. [IRS Form 4506-T and IRS Transcript or Equivalent](#). As discussed above, the Lender must submit a signed IRS Form 4506-T and obtain an IRS Transcript or equivalent prior to any disbursement of EBL loan proceeds.
- F. [SBA Form 912](#). As discussed above, if any EBL loan applicant or Associate answers "yes" to questions 18 and/or 19 on SBA Form 1919, "Borrower Information Form," the Lender must obtain the required SBA Form 912, "Statement of Personal History," and follow the steps outlined in SOP 50 10 prior to submitting the request for an EBL loan number.

X. How does a Lender close, disburse, service, liquidate, and request guaranty purchase of an EBL Loan?

- A. Closing. The EBL Pilot Program follows the same closing procedures as SBA Express. The Lender completes the Authorization without SBA review and signs it on behalf of SBA. The Lender may use the 7(a) Boilerplate or the SBA Express/Export Express abbreviated authorization. The Lender must complete the Authorization in compliance with the disbursement requirements below. For Presidential Disaster Declarations, the Lender must include language in the Authorization requiring that EBL loan proceeds be used exclusively to support the survival and/or reopening of the EBL borrower within the eligible Primary or Contiguous Counties. For the COVID-19 Emergency Declaration, the Lender must include language in the Authorization requiring that EBL loan proceeds be used exclusively to support the survival and/or reopening of the EBL borrower.

The Authorization may require the EBL borrower to pay the EBL loan in part or in full if the borrower is approved for long-term disaster financing (including an SBA Direct Disaster loan) that allows loan proceeds to be used for EBL loan reimbursement. For EBL loans, the Lender must use the same closing procedures and documentation that it uses for its similarly-sized, non-SBA guaranteed commercial loans. There must be a promissory note that is legally enforceable and assignable, in the event that it would ever have to be assigned to SBA. The Lender should not send any closing documentation to SBA after closing but should retain all documents in the loan file.

- B. Disbursement. Because an EBL loan is a bridge loan, first disbursement of the EBL loan should occur within 45 days of the Lender's receipt of an SBA loan number and must occur no later than 90 days from that date. If the first disbursement is not made within 90 days from receipt of an SBA loan number, the EBL loan will be cancelled.
- C. Post-Closing Servicing, Liquidation and Guaranty Purchase. For servicing, liquidation and guaranty purchases of EBL loans, the Lender must follow [SOP 50 57](#), 7(a) Loan Servicing and Liquidation. SBA Express procedures apply to EBL loans. Routine EBL loan servicing and liquidation issues are currently being handled centrally by either SBA's Commercial Loan Service Center East in Little Rock at 2120 Riverfront Drive,

Suite 100, Little Rock, AR 72202-1794 (501-324-5871; lrsc.servicing@sba.gov) or SBA's Commercial Loan Service Center West in Fresno at 801 R Street, Suite 101, Fresno, CA 93721 (559-262-4960; fsc.servicing@sba.gov). EBL loan guaranty purchase requests must be submitted using the Express Purchase Demand Kit to the applicable email address (LRSC.ExpressPurchase@sba.gov or fsc.expresspurchases@sba.gov) or through [Send this File](#).

- D. Monthly Form 1502 Reporting via E-Tran. Lenders must report the EBL loan status on a monthly basis via E-Tran using [SBA Form 1502](#), "Guaranty Loan Status & Lender Remittance Form." Lender must use the Form 1502 reporting format to timely and accurately report the status and outstanding balance of all of their SBA guaranteed loans, including EBL loans, to the FTA by the third calendar day of each month, or the next business day thereafter if the third calendar day of the month is not a business day, plus a two business day grace period. This reporting requirement applies regardless of whether the EBL borrower made a payment in the current month.

All Lenders must remain current in filing the required monthly Form 1502 reports in the form required by SBA and in remitting the required SBA Ongoing Guaranty Fees with the reports.

USDA Implements Immediate Measures to Help Rural Residents, Businesses and Communities Affected by COVID-19

WASHINGTON, March 25, 2020 – USDA Rural Development has taken a number of immediate actions to help rural residents, businesses and communities affected by the COVID-19 outbreak. Rural Development will keep our customers, partners, and stakeholders continuously updated as more actions are taken to better serve rural America.

OPPORTUNITIES FOR IMMEDIATE RELIEF

Rural Housing Service

Single-Family Housing

Effective March 19, borrowers with USDA single-family housing Direct and Guaranteed loans are subject to a moratorium on foreclosure and eviction for a period of 60 days. This action applies to the initiation of foreclosures and evictions and to the completion of foreclosures and evictions in process.

Guaranteed Loan Program:

- Guaranteed Loan borrowers who are in default or facing imminent default due to a documented hardship can have payments reduced or suspended by their lender for a period not to exceed 12 months delinquency. Once the hardship is resolved, the lender can modify the loan to cure the delinquency or make up the missed payments based on the borrower's individual circumstances.
- Guaranteed Loan servicing questions should be directed to: sfhgld.program@usda.gov.

Direct Loan Program:

- USDA has waived or relaxed certain parts of the application process for Single-Family Housing Direct Loans, including site assessments, and has extended the time period that certificates of eligibility are valid.
- A Direct Loan borrower who is experiencing a reduction of income by more than 10 percent can request a Payment Assistance package to see if he/she is eligible for payment assistance or for more assistance than currently received.
- Moratorium Assistance is available for Direct Loan borrowers experiencing medical bill expenses (not covered by insurance) or job loss because of COVID-19. Qualifying borrowers can receive a moratorium on house payments for a period of time, repaid at a later date.
- Direct Loan questions should be directed to USDA's Customer Service Center at 800-414-1226 (7:00 a.m.-5:00 p.m. Eastern Time Monday-Friday) or <https://www.rd.usda.gov/contact-us/loan-servicing>. Call volume and wait times are high at this time.

Multi-Family Housing

Multi-Family Housing is taking several steps to help owners, management agents and tenants maintain quality housing during the COVID-19 outbreak. Specifically, three immediate steps are effective for Section 515 Multi-Family properties:

- Tenant certifications due March 31, April 30 and May 31 for Multi-Family properties have been extended to June 30 with no late fees or overage charges, as allowed in Multi-Family guidance (HB-3-3560, Chapter 4, Section 4.11). This extension will allow for additional time to complete needed

certifications while avoiding face-to-face meetings as recommended by the Centers for Disease Control and Prevention (CDC).

- Late fees on Section 515 mortgages will be waived, subject to waiver authority in 7 CFR 3560.403 (c)(3).
- Section 515 Annual Financial Statements due March 31 will be extended 30 days, as per Multi-Family guidance (HB-2-3560 Chapter 4, Section 4.16-H). USDA is exploring whether a longer extension is appropriate and will provide further guidance.
- Current policy states that owners must process an interim recertification at the tenant's request if there is a change in income of \$50 or more per month. The owner should already have this policy in writing and apply it consistently. To the maximum extent possible, we encourage all owners to work with all tenants with impacted income to adjust rent payments.
- USDA encourages all owners to work with impacted residents and families to adjust rent payments, enter into forbearance agreements, and lessen the impact on affected residents. At this time, no additional subsidy funding has been made available. If borrowers are temporarily unable to make loan payments, the Agency may waive late fees and enter into an official workout plan.

Rural Utilities Service

- On March 20, 2020, USDA extended for 60 days the deadline for Telecommunications and Electric Program borrowers and grantees to submit their annual CPA audit. In most cases, such audits are due to the agency by April 30, 2020.
- USDA is waiving borrower covenant requirements for loan agreement financial ratios for the period from Jan. 1, 2020, through Dec. 31, 2020. Additionally, USDA is waiving all financial reporting requirements associated with existing Rural Utilities Service (RUS) loan and grant covenants beginning Jan. 1, 2020 through June 30, 2020.
- The RUS Administrator has delegated authority to the RUS Telecommunications, Electric, and Water and Environmental Programs to consider requests to waive certain site inspection requirements during the current COVID-19 National Emergency.
- Applicants will be able to use alternative methods to notify the public, such as through videoconferences, teleconferences and public notices on websites and in local newspapers, as a substitute for the public meeting notification requirement for water and waste projects.
- On a case-by-case basis, USDA will help Electric Program borrowers gain access to obligated funds more quickly at current low interest rates by considering extensions of loan terms (within statutory limits); considering requests to move obligated funds between the Electric Program's six budget purposes where the new purpose has cleared environmental review; and by considering Temporary Normal Inventory (TNI) requests.
- For assistance, please contact:
 - Electric Program: Christopher McLean, Christopher.mclean@usda.gov, 202-407-2986
 - Telecommunications Program: Laurel Leverrier, laurel.leverrier@usda.gov, 202-495-9142
 - Water and Environmental Programs: Edna Primrose, edna.primrose@usda.gov, 202-494-5610

Rural Business-Cooperative Service

- Beginning immediately, through July 31, 2020, USDA Business and Industry Loan Guarantees (B&I) and Rural Energy for America Program (REAP) Guaranteed lenders may assist borrowers experiencing temporary cash flow issues by deferring payments for a period no longer than 120 days. The lender must

notify The Agency in writing of any payment deferments. Written notification to the Agency will meet the standard for concurrence until July 31, 2020. A response from the Agency is not required. This guidance applies to ALL borrowers that had a current repayment status as of March 1, 2020.

- If the guaranteed loan has been sold on the secondary market, the secondary market holder and lender must agree to the deferment actions being taken. The Agency will expect a written agreement from both parties in these instances.
- RBCS intermediary borrowers continue to have authority to service loan portfolios independent of USDA. Intermediary borrowers participating in these programs may approve loan payment deferrals may to their borrowers without USDA approval. These programs are:
 - Intermediary Relending Program (IRP)
 - Rural Business Development Grant (RBDG)
 - Rural Economic Development Loan and Grant (REDL and REDG)
 - Rural Microentrepreneur Assistance Program (RMAP)
- For existing Intermediary Relending Program (IRP) and Rural Economic Development Loan (REDL) borrowers, the Agency is committed to maintaining well-capitalized intermediary lenders and will work with you on loan servicing requests on a case-by-case basis to make sure you remain a pillar in our rural business communities.

EXTENSION OF APPLICATION DEADLINES

USDA is extending the application window for the following programs:

Rural Business-Cooperative Service

- USDA extended the application deadline for the *Rural Business Development Grant* (RBDG) program to no later than April 15, 2020. Contact the [Rural Development office](#) for the deadline in your state. USDA announced the extension in an Unnumbered Letter posted March 19, 2020.
- USDA extended the application deadline for the *Rural Energy for America Program* (REAP) to April 15, 2020. For additional information, see page 16925 of the March 25, 2020, [Federal Register](#).

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USDA is an equal opportunity provider, employer and lender.