



Effective: January 8, 2021

ACTION: Procedural Notice

References:

<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20Procedural%20Notice%20--%20Modifications%20to%20SBA%20Forms%203506%2C%203507%20and%20750%20CA%20%28for%20purposes%20of%20PPP%20only%29.pdf>

SBA Procedural Notice: Repeal of EIDL Advance Deduction Requirement for SBA Loan Forgiveness Remittances to PPP Lenders

Overview

Section 1110(e)(6) of the CARES Act required the SBA to deduct the amount of any EIDL Advance received by a PP borrower from the PPP forgiveness payment remitted by SBA to the PPP lender. On October 2, 2020, SBA began remitting forgiveness payments to PPP lenders, with the require EIDL Advance deductions. On December 27, 2020, the President signed into law the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) which repealed Section 1110(e)(6) of the CARES Act.

The [Forgiveness Platform](#) has been updated, and effective immediately, the SBA will no longer deduct EIDL advances from forgiveness payments remitted to PPP lenders. This change is applied to SBA forgiveness payments with the status of "Payment Confirmed" dated December 29, 2020 or later.

Loans where SBA remitted a forgiveness payment to a PPP lender that was reduced by an EIDL advance means the SBA will automatically remit a reconciliation payment to the PPP lender for the previously deducted EIDL advance amount, plus interest through the remittance date. PPP Lenders are not required to request remittance of the reconciliation payment.

SBA will identify forgiveness payments that were reduced by EIDL advances and automatically remit a reconciliation payment to the ACH account identified by the PPP lender in the Forgiveness Platform. Upon confirmation that the payment has been accepted by the PPP lender, the SBA will generate a Notice of Paycheck Protection Program Reconciliation Payment that will be available in the Forgiveness Platform.

PPP Lenders are responsible for notifying the borrower of the reconciliation payment. The PPP lender is also responsible for re-amortizing the loan and notifying the borrower of the amount of the next payment due or advise the borrower that the loan has been paid in full, whichever is applicable. If the amount remitted by the SBA to the PPP lender exceeds the remaining principal balance of the PPP loan (because the borrower made a payment on the loan), the PPP lender has to remit the excess amount, including accrued interest paid by the borrower, to the borrower.

Question are to be directed to the Lender Relations Specialist in the local SBA field office. This can be found here: <https://www.sba.gov/tools/localassistance/districtoffices>



ACTION PLAN

- 1. Review this Procedural Notice and determine the applicability of remittance payments in your PPP loan portfolio.**
- 2. Prepare and train customer service representatives and loan officers to assist borrowers with questions regarding these EIDL Advance changes.**
- 3. Determine and test calculations on remitting appropriate ACH amounts and re-amortizing of loans if applicable to a borrower.**
- 4. Contact Compliance Alliance with any additional questions.**

