

FAQ on temporary 504 Deferments

What sort of relief can I get from loan payments if my business is temporarily disrupted during the COVID 19 Pandemic?

To address temporary business interruptions WBD has the ability to provide some relief by deferring payments for up to 6 months.

What payments will I have to make during the deferment?

WBD will offer three options:

- 1) No Payments – This will defer the monthly principal & interest payments and monthly servicing fees. You will make no payments during the 6-month deferral period.
- 2) Pay Servicing Fees Only – This will defer both monthly principal & interest payments and should reduce your payments to be around 15% of your current monthly payment
- 3) Pay Servicing Fees & Interest – This will defer the monthly principal payment, which should reduce your payment to about 40% of your current monthly payment.

What payments will I have to make after the 6-month deferment period?

Beginning in month 7, you will resume the originally scheduled monthly payment amount plus an additional amount representing the deferred payments. For instance, if a total of \$34,200 was deferred during the 6 months, the additional monthly payment would be as low as \$300 ($\$34,200/114 \text{ months} = \300) assuming a 10-year repayment (including the deferment period) on the deferred amount. You have the leeway of up to 10 years or remaining loan term to get “caught up” on the deferred payments. Remember, the more you defer the more your monthly payments will increase after the deferment period.

What do you need to provide to be considered?

WBD is working to make it as easy as possible during these difficult times, but every request should be accompanied by the following information **if it has not already been provided to WBD:**

- 1) An explanation of the reason for a deferment and the specific impact COVID-19 has had on your business, including:
 - What the current situation is for your business
 - Any operational changes or expense reductions you have implemented to protect your business
 - Plan for recovery post COVID-19
- 2) 2 years tax returns for Operating Company, Real Estate Holding Company and Guarantors (if 2019 is not yet available, then 2017 & 2018 will be acceptable). Reminder: Submission of annual tax returns is a requirement of the SBA Authorization.
- 3) Interim financial statement for Operating Company (within 90 days)
- 4) Updated personal financial statement (PFS) for owners and guarantors (within 120 days)

How do I get started?

- 1) Go wbd.org to get the one page form that gets the process going. **Email all completed forms to WBDdeferral@wbd.org**

Once all of the information is provided, how long can I expect the process to take and when will my reduced payment begin?

WBD is processing these requests as fast as possible. Once the Deferral Form is submitted, you will be contacted within 2 business days by a WBD team member who will work with you to obtain a deferral. Please be prepared to provide information as requested to avoid delays. **Once a WBD team member contacts you, they will remain your contact through the entire process, so please direct correspondence directly to them at that point.**

Once WBD has all of the requested information, we will review and submit your request as fast as possible. The Process should be completed in 5-10 days. Please keep in mind that due to a significant increase in deferment requests, and some general chaos, actual time may vary.

WBD can make the start date of the deferral work to accommodate your situation.

Does your bank/credit union also need to defer payments?

No. However, the SBA does not restrict deferments on their loan so they can defer as long or short as they wish. We simply ask that the lender inform WBD of any deferments (Send to 504servicing@wbd.org). **Please remember that SBA does not allow future advances on the collateral in a superior lien to the SBA. In other words, the bank cannot advance additional funds to the borrower and expect those funds to be in a prior lien position to SBA.**

What if I need another deferment beyond the 6 months that WBD approved?

These are unprecedented times. WBD will check in with all deferred loans after 4-5 months. Longer deferments are possible, but require approval from the SBA. SBA will have the ability to defer up to an additional 6 months with the total deferment period not exceeding 12 months. Similar information will be required and the processing time for SBA approval will be at least 15 business days, longer depending on amount of deferment requests. Any deferred amounts must still be caught up within 10 years or remaining loan term, whichever is less.

For more information and the WBD Deferral Form, visit WBD.org

What other funds are available?

Following is a link to SBA's website for more information on Disaster Assistance Loans for small business impacted by COVID-19. Please note that WBD is not involved with the disaster loan program.

https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-provide-disaster-assistance-loans-small-businesses-impacted-coronavirus-covid-19?utm_source=Week+That+Was&utm_campaign=5b31474393-EMAIL_CAMPAIGN_2020_02_25_10_36_COPY_01&utm_medium=email&utm_term=0_f62ecda6f3-5b31474393-90704425

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