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"Silent" EIDL Recalls: What Borrowers Need to Know When Their Delinquent Loans Unexpectedly Return to the SBA

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"Silent recall" sounds like something straight out of a Hollywood movie. But for many businesses struggling with delinquent Economic Injury Disaster Loans (EIDL) from the Small Business Administration, the term amounts to another surprise plot twist in an exasperating mystery.

Earlier this year, some 500,000 borrowers had their loans sent to the Treasury Department for collection activity, with many businesses not realizing the transfer had happened or that hefty collection surcharges had been added on.

For some borrowers, getting the loans back to the SBA for friendlier repayment terms has been a goal, a potentially happier ending after escaping the Treasury collection machine.

But in an unexpected development, some businesses have abruptly learned their loans were sent back by Treasury to SBA in a "silent recall" with no notification. And in this unusual situation, these borrowers can find themselves hit with a "boomerang effect" where they must quickly act to get their loans up to date before the government machinery once again sends the loans back to the harsher Treasury collection apparatus.

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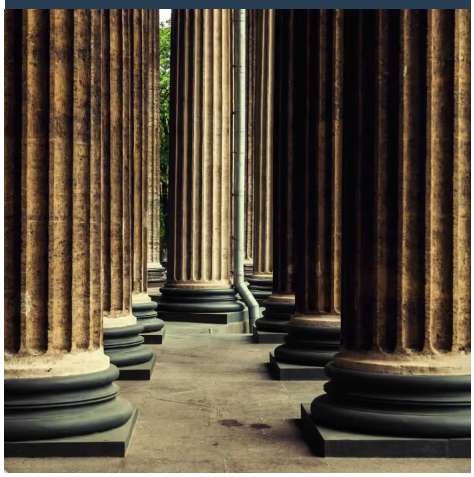

To help businesses deal with these cliffhanger situations involving EIDL loans, Frost Law may be able to help. You can contact our team to schedule a consultation at **(410) 497-5947**or reach us through our **contact form.**

Here's a more detailed look at the developing "silent recall" situation that EIDL borrowers are encountering.

A Closer Look at EIDL Loans

For many small business owners, the challenges associated with COVID-19 EIDL



loans did not end when the pandemic subsided. Borrowers continue to face uncertainty surrounding loan servicing, Treasury referrals, collection activity, and the status of their outstanding obligations.

One increasingly important issue involves what some borrowers and practitioners are starting to refer to as a "silent" recall.

To help put this in perspective, a formal recall happens when the Treasury Department issues a one-page recall letter to the borrower indicating that the EIDL has been sent back to the Small Business Administration (SBA) for servicing. In contrast, a "silent" recall is where an EIDL loan previously referred to the Treasury for collection (and possibly a private debt collector) is returned to the SBA without the borrower receiving clear, individualized notice of the recall. Specifically, for a "silent" recall, no letter from Treasury is issued stating that the loan had been recalled, which had been happening regularly until recently.

Although a recall may create opportunities for borrowers to address their outstanding obligations directly with the SBA, it is important to understand what a recall means and how to verify the loan's status. An EIDL borrower also needs to understand the implications of a "silent" recall and what next steps must be taken.

What Is a "Silent" EIDL Recall?

When an SBA loan becomes seriously delinquent, the agency may refer the debt to the Treasury for collection and, in some cases, a third-party, private debt collection agency. Once referred, borrowers face significant additional collection consequences, including Treasury collection fees, administrative offsets, and other collection measures authorized by law.

A recall occurs when the government concludes that the EIDL was improperly transferred from the SBA to the Treasury and then to a debt collector. The reasons for this vary. However, when the SBA requests or otherwise arranges for a previously referred debt to be returned from a third-party debt collection agency and/or Treasury collection, the SBA resumes servicing under terms set out for it under federal law and regulations.

The term silent recall is not a formal designation. Rather, it describes circumstances in which the servicing status of a loan changes without the borrower receiving a clear explanation or timely notice of that change.

For example, a borrower who previously received Treasury collection correspondence may later discover that the loan is accessible through an SBA servicing portal or that SBA representatives are once again handling the account.

These developments are indicators that the loan has been returned to SBA servicing. However, borrowers should not assume that portal access alone establishes a formal recall.

Why Does a Recall Matter?

The distinction between a loan being serviced by the SBA and a loan being actively collected through the Treasury or its debt collector, as its agent, can be significant.

When a loan is with the Treasury or a third-party debt collection agency, borrowers may face aggressive collection procedures like administrative wage garnishments or offsets against federal payments as well as additional charges that differ from those associated with ordinary SBA servicing.



The options available to resolve the debt may also depend on the agency currently responsible for the account. Generally, resolution options are limited and often more costly when the loan is with the Treasury or a debt collector.

If a loan has been recalled, borrowers may have an opportunity to communicate directly with the SBA regarding repayment arrangements, delinquency, or other available servicing options. When recalled, the collection fee or penalty is reversed, so the amount owed is significantly less. Borrowers have more options available to help resolve the loan delinquency. Repayment terms go back to the original ones in the loan package, generally a 30-year amortization and 3.75% interest rate for businesses.

However, a recall is not loan forgiveness, cancellation, or a determination that the debt is invalid. The underlying obligation generally remains outstanding, and the borrower must still address the debt unless it is otherwise discharged, compromised, or resolved through an authorized process.

Likewise, a return to SBA servicing does not necessarily mean that every Treasury collection mechanism has been terminated permanently or that the loan cannot be referred back to Treasury for collection again.

Why Might Borrowers Be Unaware of a Recall?

Borrowers often rely on correspondence from the SBA or Treasury to understand the status of their loans. When servicing changes are not clearly communicated, they may continue operating under the assumption that their loans remain with the Treasury and are bound by Treasury resolution or collection options.

This uncertainty can be particularly problematic for borrowers who have already experienced collection activity, received conflicting information, or encountered difficulty accessing their loan records.

A borrower may discover a possible recall only after attempting to log into an SBA portal, contacting an agency representative, or reviewing records obtained through a Freedom of Information Act (FOIA) request.

Without confirmation, however, it can be difficult to determine whether the loan has actually been recalled, whether the change is temporary, or whether some collection activity remains pending.

How Can Borrowers Determine Whether Their EIDL Loan Has Been Recalled?

One of the simplest indicators is the ability to resume regular monthly payments through the MySBA Loan Portal. Borrowers whose loans were previously transferred to Treasury may notice that their accounts are once again available for regular SBA servicing and payments.

Although restored payment access may indicate that a loan has returned to SBA servicing, borrowers should confirm their current loan status with the SBA before assuming a recall has occurred. Often, this simply requires contact with the agency through the SBA Portal or to SBA Servicing through email seeking confirmation.

Does a Silent Recall Affect Treasury Collection Fees?

Borrowers frequently ask whether a recalled loan remains



subject to fees associated with Treasury collection.

The answer depends on the account history, the nature of the charges, and the applicable collection rules.

A recall does not automatically establish that previously assessed fees must be removed. At the same time, borrowers should not assume that every amount reflected in an account balance is necessarily accurate. However, in general, Frost Law has seen collection fees removed from both formal and "silent" EIDLs that are recalled.

Where the accounting is unclear, a review of the loan history may be necessary to determine how payments were applied, when charges accrued, and whether the reported balance is supported by the underlying records.

This is one reason obtaining a complete accounting can be particularly important when a loan has moved between agencies.

Can a Recalled Loan Be Sent Back to the Treasury?

Yes. A loan's return to SBA servicing does not necessarily prevent a future referral to Treasury if the loan remains delinquent and applicable referral requirements are met.

Accordingly, borrowers who discover that their loans have been recalled should not interpret the change as a permanent suspension of collection activity.

Instead, they should use the opportunity to clarify the loan's status, review their obligations, and consider necessary action to avoid further collection consequences. For example, during a recent "silent" recall, a Frost Law client confirmed that the business's EIDL was silently recalled through an SBA Portal message. Soon after, he began paying the loan to keep it current. Days later, he received an advance, written notice mailed to his business stating the loan was in jeopardy of being transferred back to Treasury for delinquency, whichthe clientknew to look for based on our guidance. Prior to the second transfer, the client paid the loan current. Frost Law is now monitoring this loan to make sure it does not get wrongfully transferred back.

Each situation depends on its own facts, including the loan's servicing history, applicable collection procedures, and the borrower's financial circumstances.

Critical Implications for a "Silent" Recall

As outlined in federal law and regulations, the SBA is able to service loans that are in compliance with the loan's terms. The main term that the SBA monitors is repayment. If the loan is severely past due, the SBA must relinquish servicing and transfer the loan to the Treasury. Under the Biden Administration, a moratorium was put in place for these transfers. Under the Trump Administration, the moratorium was lifted, so many delinquent EIDLs were transferred to Treasury earlier in 2026.

When any EIDL is recalled – either formally or "silently" — federal laws and regulations apply once again to the SBA as the servicer. The loan must be paid current and kept current to remain with the SBA. However, nearly all transferred EIDLs are past due when they return to the SBA. The payments that have not been made – called arrearages — often well exceed what the SBA can permit because the process to send an EIDL to the Treasury and get it recalled takes months. Generally, during this time, borrowers are not making payments. As a result, if the recalled loans are not



paid current very soon after the recall, the SBA must deem them delinquent and start the noticing process to transfer the loan back to Treasury for collection because these loans are out of compliance once again.

This creates a boomerang effect that could send a recently recalled EIDL back to the Treasury and a debt collector for collection even after a recall.

Understanding Your Options

"Silent" EIDL recalls illustrate the importance of understanding not only how much is owed, but also which agency is responsible for the debt and how the account reached its current status.

For some borrowers, a return to SBA servicing may provide an opportunity to address a delinquent loan before further collection activity occurs. For others, the primary concern may be obtaining an accurate accounting or determining whether collection procedures were properly followed.

Frost Law assists borrowers with SBA and Treasury debt matters, including loan-status reviews, collection disputes, FOIA requests, and potential resolution strategies.

If you have questions about the status of your COVID-19 EIDL loan or believe your loan may have been recalled from the Treasury, the Frost Law team can help evaluate your circumstances and available options. You can contact our team to schedule a consultation at **(410) 497-5947** or reach us through our **contact form.**

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