

Small Business Administration Loans



Types of 7(a) Loans

The Small Business Administration (SBA) offers a variety of loans. The terms and conditions, like the guaranty percentage and loan amount, may vary by the type of loan.

- Standard 7(a)
- 7(a) Small Loan
- Export Express
- SBA Express
- International Trade
- Export Working Capital

Coronavirus Relief Options

[Paycheck Protection Program \(PPP\)](#)

This loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll during the coronavirus pandemic.

HOW TO APPLY:

- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union and Farm Credit System institution that is participating.
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.

PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

- **Eligibility:** The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent and utilities (due to likely high subscription, at least 60% of the forgiven amount must have been used for payroll).
- **Characteristics**
 - PPP loans have an interest rate of 1%.
 - Loans issued prior to June 5 have a maturity of 2 years. Loans issued after June 5 have a maturity of 5 years.
 - Loan payments will be deferred for six months.
 - No collateral or personal guarantees are required.
 - Neither the government nor lenders will charge small businesses any fees.



- **Forgiveness**

- ☐ Is based on the employer maintaining or quickly rehiring employees and maintaining salary levels.
- ☐ Will be reduced if full-time headcount declines, or if salaries and wages decrease.

- **Process of Loan Forgiveness and Requirements**

- ☐ Borrower will fill out a loan forgiveness application and submit it to the lender.
- ☐ The lender has up to 60 days to review the application, make a decision and relay that decision to the SBA.
- ☐ The SBA has up to 90 days to review the application and approve or reject the application. The lender will then be notified of the decision to relay back to the borrower.

- **Items must be provided to apply**

- ☐ Documentation verifying the number on payroll and rates - IRS payroll tax filings, unemployment insurance filings.
- ☐ Documentation verifying payments on the amount being covered for mortgage obligations was used in accordance with the lease obligations, and utilities.
- ☐ Certification from employees on authorized business representative.




**PAYCHECK PROTECTION PROGRAM (PPP) POLICY UPDATE WEDNESDAY
OCTOBER 7, 2020**

- The extension of the deferral period under the Flexibility Act automatically applies to all PPP loans. Lenders are required to give immediate effect to the statutory extension and should notify borrowers of the change to the deferral period.
 - ☐ To keep yourself up to date with policies, [click here](#).



[Economic Injury Disaster Loans \(EIDL\)](#)



- This loan provides economic relief to small business and non-profit organizations that are currently experiencing a temporary loss of revenue.
 - **Collateral requirements:**
 - ☐ Required for loans over \$25,000, SBA uses a general security agreement (UCC) designating business assets as collateral, e.g. machinery and equipment, furniture and fixtures, etc.
 - **Terms:**
 - ☐ 3.75% for businesses (fixed)
 - ☐ 2.75% for nonprofits (fixed)
 - ☐ 30 years
 - ☐ No pre-payment penalty or fees
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SBA Express Bridge Loans

- Enables small businesses who currently have a small business relationship with an SBA Express Lender to access \$25,000.
- Terms include fast turnaround and will be repaid in full or in part by proceeds from the EIDL loan.

SBA Debt Relief

- The SBA will pay six months of principal, interest and any associated fees that borrowers owe for all current 7(a), 504 and Microloans in regular servicing status, as well as new 7(a), 504 and Microloans disbursed prior to September 27, 2020.
 - This relief is not available for Paycheck Protection Program loans or Economic Injury Disaster loans.
 - Applying for SBA Relief: Borrowers do not need to apply for this assistance. It will be automatically provided as follows:
 - Loans not on deferment, SBA will begin making payments with the next payment due on the loan and will make six monthly payments.
 - Loans currently on deferment, SBA will begin making payments with the next payment due after the deferment period has ended, and will make six monthly payments.
 - Loans made after March 27, 2020, and fully disbursed prior to September 27, 2020, SBA will begin making payments with the first payment due on the loan and will make six monthly payments.
 - Additional Resources:
 - [Federal Resources for U.S Small Businesses](#)
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