

COVID-19: SBA Loan Summary

Posted on March 27, 2020

7a Loan Program

- These loans are working capital loans which do not require any equity injection (100% loans). Can be utilized for salaries, sick leave, insurance, mortgage and rent payments.
- Maximum amount of \$10 million per borrower.
- Little limitation on type of Borrower – Can be corporations, partnerships, sole proprietors, LLCs, independent contractors, and nonprofits.
- 500 employee maximum.
- Multiple physical locations for a business now treated separately.
- Typical SBA Affiliation Rules are waived.
- Eligibility not tied to ability to repay, but instead solely to whether you had employees or independent contractors.
- Collateral and Personal Guarantees waived.
- Maximum interest rate of 4%.
- No Pre-Payment Penalties.
- Deferment of Loan Payments for a minimum of 6 months / maximum of 12 months.

Loan Forgiveness:

- Amount spent by Borrower for 2 months after loan origination spent on payroll, interest on mortgages, payment of rent, and payment on utilities will be forgiven.
- Forgiveness of indebtedness not to be considered taxable income to Borrower

Economic Injury Disaster Loan Grants

- These loans are for businesses located within an area where a disaster has been declared.
- Don't have to be in business for 1 year ... that requirement is waived.
- Personal Guarantees on Loans under \$200k are waived.
- Any applicant can get an advance of \$10k within 3 days of application. If denied for loan, no requirement to repay.
- Can be used for essentially any purpose, including, but not limited to, sick leave, payroll, increased material costs, rent/mortgage, and other obligations.

Existing SBA Borrowers

- Can receive a 6 month deferment of payments.

PIDA Loans

- Maximum of \$100,000 per borrower.
- Must have less than 100 employees.

Erie County Redevelopment Authority

- Maximum of \$50,000 per borrower, proceeds available within 7 days.
- 0% interest.
- Deferral of payments for 90 days.

Bridgeway Capital / ECGRA Loans for Erie County

Eligibility:

- Nonprofits located in Erie County
- Small businesses under 25 employees located in Erie county that are any of the following:
- Minority-, woman-, immigrant- or veteran-owned businesses, or
- Businesses or nonprofits that serve economically distressed neighborhoods in Erie County

Offers:

- Flexible repayment terms with no payment required for 3 months
- Low-interest rates at 4% for small businesses
- Low-interest rates at 3% for nonprofits
- Loans from \$5,000 up to \$50,000

Please contact your [Knox Law attorney](#) to learn more or to discuss how your business could benefit from one of these programs. If you are not currently a client, please call 814-459-2800 to leave a message and someone will get back to you within 1-2 business days.

[More resources and information regarding COVID-19](#)

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