BERGER SINGERMAN
FLORIDA'S BUSINESS LAW FIRM

CLIENT ALERT - COVID-19: SBA LOAN PROGRAMS FOR FLORIDA SMALL BUSINESSES

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SBA Loan Programs for Florida Small Businesses

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Federal SBA Economic Injury Disaster Relief Loans
The United States Small Business Administration ("SBA") was recently authorized by federal legislation (H.R. 6074) enacted on March 6, 2020 to issue up to $7 billion in low-interest federal disaster loans for working capital to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). The SBA has announced that upon a request received from a state's or territory's Governor, SBA will issue under its own authority in a manner consistent with H.R. 6074 an Economic Injury Disaster Loan declaration. The Governor of the state of Florida has made such a request, and in response to such request the SBA has designated the entire state of Florida as a geographic area eligible for relief under this program. Many other states have obtained similar designations – either for the entire state or for select counties/areas within such state. Immediately following the Economic Injury Disaster
Loan declaration for the state of Florida, information on how to apply for Economic Injury Disaster Loan assistance was made available on the SBA's website, which is updated continuously in real time.

As a condition precedent to eligibility for relief under this program, prospective borrowers will need to determine whether their business qualifies as "small" pursuant to the SBA's size standards guidelines.

The following is a non-exhaustive summary of the characteristics of these Economic Injury Disaster Loans (the "SBA Disaster Loans"):

- Companies with up to 500 workers can borrow up to $2 million to provide working capital assistance to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact;
- The SBA is requesting prospective borrowers seeking more than $25,000 to put up collateral - preferably real estate - as security for repayment;
- The interest rate on these SBA Disaster Loans is 3.75% for small businesses without credit available elsewhere (businesses with credit available elsewhere are not eligible), and 2.75% for non-profits;
- The SBA Disaster Loans are being offered with long-term repayment schedules designed to keep payments affordable, up to a maximum of thirty (30) years; and
- The terms and conditions for repayment of SBA Disaster Loans are determined on a case-by-case basis, based upon each borrower's ability to repay.

Florida Small Business Emergency Loan Program

Small businesses in Florida which have suffered economic damage as a result of COVID-19 may be eligible for short-term, interest-free loans. The Governor's Executive Order 20-52 made businesses which maintain an office in Florida and which have been in existence since at least March 9, 2020 eligible for one-year loans of up to $50,000. In "special cases," loans of up to $100,000 may be available. These loans are intended to "bridge the gap" between the onset of the catastrophe and the securing of longer-term financial resources, and are not intended to serve as the primary source of financial assistance to small businesses. Eligible businesses must be for-profit and privately held. These loans are contingent on the availability of funds, and appear to be available in addition to the Federal SBA Economic Injury Disaster Relief Loans.

The deadline to apply is May 8, 2020, and application may be made at www.FloridaDisasterLoan.com.

At Berger Singerman, we can work with SBA loan processors known to our firm to have expertise in these matters to facilitate our clients' applying for financial assistance under this program. We are informed that the terms and conditions of the SBA Disaster Loans may evolve and change with great rapidity – perhaps on a daily or weekly basis for the foreseeable future. Thus, certain of the characteristics of the SBA Disaster Loans described herein are subject to change.

Please contact us should you need any assistance in navigating this new and complex business landscape.

The COVID-19 pandemic is creating rapidly-changing issues for businesses, and government aid processes and measures designed to assist businesses may also change materially from when this Client Alert is issued. We therefore encourage you to monitor our website, review our future Client Alerts and generally remain alert for additional updates or modifications to laws and regulations.

Related Practice Teams

Business, Finance & Tax

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