

SMALL BUSINESS ADMINISTRATION EXPRESS LOANS

Section 1102 of the CARES ACT

OVERVIEW

The CARES Act increases the SBA Express loan amount cap from \$350,000 to \$1 million through Dec. 31, 2020. On Jan. 1, 2021, SBA Express loans will again be capped at \$350,000.

WHO QUALIFIES?

GENERAL ELIGIBILITY

- **Small Businesses** that meet [SBA size standards](#), which are based on a business's average annual receipts or its number of employees, but generally less than 500 employees or \$7,000,000 in annual receipts.

SPECIFIC INELIGIBILITY

- [Ineligible businesses](#) include nonprofit organizations, casinos, government-owned corporations, consumer and marketing cooperatives, firms involved in lending activities, real estate investment companies (businesses that acquire real estate to occupy it are eligible), and firms involved in speculative investments.

ADDITIONAL ELIGIBILITY REQUIREMENTS (NOT EXHAUSTIVE):

- Businesses must have been in existence for at least two years.
- Businesses must be able to show a need for financing and the ability to repay (no previous delinquencies on government loans) and must show that the funds will be used for a legitimate business purpose.
- Lenders are not required to take collateral for loans of \$25,000 or less, but may require collateral for loans above \$25,000.

WHAT ARE THE TERMS, CONDITIONS, AND AMOUNTS OF AN EXPRESS LOAN?

GENERAL OVERVIEW

- **Express loans will be offered through local banks:** The assistance is provided through a subsidized loan through an authorized lender—provided at the discretion of the lender under the supervision of the SBA.
- **Loans must be approved or denied within 36 hours:** Under the [SBA Express Program](#), the SBA responds to a lender's request for approval of a loan within 36 hours.
- **Guarantee fee applies:** Most borrowers have to pay a [guarantee fee](#).
- **Veteran-owned businesses can receive a waiver of guarantee fees.**

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MAXIMUM EXPRESS LOAN AMOUNT

- **Capped at \$1 million:** Borrowers can receive up to \$1 million per loan, with a max interest rate of [11.5% for loans of \\$50,000 or less, and 9.5% for loans above \\$50,000](#).
- **Revolving line of credit available:** Loans can be given in the form of revolving lines of credit, with a max term of seven years.
- **Loan terms are on a case-by-case basis:** The term of the loan is determined on a case-by-case basis, based upon each borrower's ability to repay, but with a max term of 25 years.

APPLICATION PROCEDURES

- **Applications must be submitted to an SBA-approved lender:** Borrowers can apply for a loan by contacting an authorized lender. To find an authorized lender near you, please contact your nearest [SBA District Office](#).

OUTSTANDING ITEMS TO BE RESOLVED BY FEDERAL AGENCIES

- **N/A:** The existing application process remains the same for SBA Express Loans. The max loan amount simply changes from \$350,000 to \$1 million.