

## **SBA Express Loans**

### **Summary**

To supplement our previous Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Small Business Summary, we thought it would be helpful to provide more information regarding the Small Business Administration (SBA) Express Loan program.

**SBA Express Loans** are another type of SBA 7(a) loans that provide working capital for small businesses in the form of a term loan or revolving line of credit:

- There is a faster turnaround time for SBA Express Loans than for other SBA loans: SBA typically will respond within 36 hours. The borrower then works with an SBA-approved lender, including negotiating the interest rate, which cannot exceed a maximum set by the SBA. SBA guarantees 50% of the loan.
- Maximum loan amount is usually \$350,000, but, under the CARES Act, this amount has been increased to \$1 million through December 31, 2020.
- Lenders are not required to take collateral for loans up to \$25,000.
- Eligibility is the same as all 7(a) loans, including that the business must be (a) an operating business, (b) organized for profit, (c) located in the United States, (d) be a small business under [SBA Size Regulations](#), including affiliates, and (e) be able to demonstrate a need for the desired credit.
- Use of proceeds can include: working capital, expansion or renovation, new construction, purchase of land or buildings, purchase of equipment, fixtures, lease-hold improvements, refinancing debt for compelling reasons, seasonal line of credit, inventory, or starting a business.
- SBA Express Loans are not eligible for forgiveness under the CARES Act.

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*All of the foregoing is subject to further guidance from the federal government, lenders and other institutions and agencies. We recommend that you consult your attorneys and advisers for further advice and counsel.*