

SBA Announces Changes to Loan Programs

The US Small Business Administration (SBA) has been at the forefront in supporting the recovery of the nation's small businesses. Utilizing the considerable expertise from its partner organizations such as, among others, Small Business Development Centers, SCORE, Women's Business Centers and Veteran Business Outreach Centers, they have been able to reach out and provide direct technical assistance to the nation's small businesses.

On the financial side, the Paycheck Protection Program and the Economic Injury Disaster Loan Program have provided necessary cash to keep doors open and people employed. The PPP Loan Guarantee program brought over \$2 billion in forgivable loans to the region's small businesses. This required a herculean effort on the part of both the SBA and our local financial institutions who labored around the clock to make this happen. The EIDL program disbursed over \$700 million in loans and forgivable advances to small businesses. The soon to be released Shuttered Venues Operators Grant program will provide sorely needed financial support to a wide range of businesses and organizations associated with the Arts and Live Entertainment industries.

In addition to the considerable effort in responding to the immediate needs of those businesses suffering due to the pandemic, it is also laying the groundwork for future stability and growth making critical changes to current conventional lending programs.

The SBA is temporarily waiving some of the fees it charges for the 504 Loan Program. The innovative program assists borrowers in the purchase of fixed assets and real estate. All loan applications approved between 12/27/2020 and 9/30/2021 will have their fees waived until the funds are exhausted.

The SBA is also raising the guaranty rate to 90% for standard 7(a) loans, CAPLines, PLP Loans and Community Advantage Loans approved between 12/27/2020 and 9/30/2021. Because the guaranty percentage has increased, the maximum amount of the loan that can be approved to achieve the 90% guaranty will be \$4,166,000. Any loans above this amount will have the guaranty reduced in proportion to the amount.

Finally, for all SBA Express loans approved on or before 9/30/2021, the temporary maximum loan amount will be \$1 million. On 10/1/2021 that amount will be permanently decreased to \$500,000. Additionally, following the same timetable, the guaranty rate for loans up to \$350,000 will be increased from 50% to 75% and will permanently revert back to 50%. The guaranty rate for all loans over \$350,000 will remain unchanged at 50%.

Even though these are temporary changes, it gives small business owners more robust financial tools to help better position their respective companies for the transition from recovery to resiliency.

For more information about SBA loans, research for your business, or any business-related questions you may have, please visit the SBDC website at www.hrsbdc.org.

Jim Carroll is the Vice President for Small Business for the Hampton Roads Chamber and the Executive Director for the Small Business Development Center of Hampton Roads. The SBDC's mission is to support the region's economy by promoting and facilitating small business growth. The Center serves the eighteen cities and counties of southeastern Virginia and the Eastern Shore. He can be reached at (757) 664-2595 or jcarroll@hrchamber.com.