CLIENT ALERT: Increased Loan Limits for COVID-19 EIDL Program

FEATURED ATTORNEY

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Partner

Dear Valued Clients and Friends,

If your business received a COVID-19 Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration (SBA), you may be eligible to receive additional loan funds. These loans were previously limited to six months of economic injury up to a maximum of $150,000. The SBA recently announced a policy change that significantly increases loan limits up to 24 months of economic injury with a maximum loan amount of $500,000.

Please be advised that for loan amounts over $25,000, SBA will continue to take a security interest in business assets evidenced by a general security agreement and UCC filing. SBA will also require an unsecured personal guarantee for loan amounts over $200,000 from any individual with 20 percent or more ownership. Real estate collateral will not be required for any loans of $500,000 or less.

As a reminder, SBA announced last month that they are extending the first payment due date for all loans until 2022. For COVID-19 EIDL loans made in calendar year 2020, the first payment due date is extended until 24 months from the date of the note, and for loans made in calendar year 2021 the first payment due date is extended until 18 months from the date of the note. Loan interest continues to accrue during the deferment period, and a loan increase will not further extend your first payment due date.

If you are interested in applying for an increase in funding, please contact Melanie Wiener at mwiener@abramslaw.com.