



CORONAVIRUS COVID-19

Industry News & Resources

SBA 7A Loans Impactful for Real Estate Industry

After working with Congress, the President signed legislation last Friday enabling a new Small Business Administration (SBA) Loan program. It promotes cash flow needs during this critical time as a direct response to COVID-19. Businesses with no more than 500 employees, including sole proprietors and independent contractors, should review this information with your accountant.

Under the new 'Payroll Protection Plan', [SBA 7\(a\) loans](#) are designed to help businesses retain employees and support covering expenses between February 15th through June 30th. Loans can be for 250% of the average salary expenditures per month for the year prior to the loan, with a \$10 million cap.

This innovative loan is designed to support payroll costs (potentially, including independent contractors and employees working on commission) for an 8-week period, as well as basic operational needs like utilities, rent, and interest on mortgage payments. The entire loan could be forgiven. A portion could be forgivable as employer payroll levels drop.

Small businesses and sole proprietorships are eligible to apply starting this Friday, April 3rd until June 30th for a loan that could cover any 8-week period going back to February 15th. Independent contractors and self-employed individuals can apply beginning April 10th. We are in touch with and will be looking to NAR to provide more analysis as to independent contractors applying for their own loan or being included in the calculation of a small business.

While existing SBA lenders are most immediately equipped to handle 7(a) applications, as other regulated lenders come online in the coming days, one may apply at nearly any lending institution. The Treasury Department has created an [informational sheet which can be reviewed here](#). An application for this program [can be reviewed here](#).

Congress has also increased the SBA Express Loan limits to \$1 million. And, in particular for commercial members and the support of your clients, please note the [COVID-19 Economic Injury Disaster Loans](#). These can provide capital to a small business given loss of revenue, payroll needs, debt obligations, and increased costs due to supply chain disruptions and for materials.

Given that the President signed legislation last Friday evening, program details are emerging as regulators create rules and build operations to support implementation as we speak. As any additional clarity is produced, we will provide that on our [Michigan Realtors® COVID-19 Industry Resources website](#). For more information from NAR as to what was in last Friday's federal economic relief package and how it pertains to Realtors®, [please click here](#).



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