

Small Business Administration Releases Express Bridge Loan Pilot Program for COVID-19



(March 26, 2020): The Small Business Administration (“SBA”) announced an Express Bridge Loan Pilot Program on March 25, 2020.^[1] The Express Bridge Loans are available to businesses, including health care providers, to provide economic relief for businesses impacted by the Coronavirus Disease (COVID-19) while they await long-term disaster financing.^[2]

I. Background:

The Express Bridge Loan Pilot Program was released by the SBA in October 2017 and was created to supplement the SBA’s ability to grant direct disaster loans.^[3] The program provides “expedited guaranteed bridge loan financing for disaster-related purposes” to any small business that is located in a Presidentially-declared disaster area^[4] while the business awaits long-term financing, regardless of whether the long-term financing is sought through the SBA disaster loan program. The Express Bridge Loan Program includes a “streamlined underwriting process” and is designed to “minimize the burden” of applying for a small business loan.^[5]

II. COVID-19 Expansion of the Express Bridge Loan Program:

The SBA expanded its Express Bridge Loan Program, effective March 25, 2020,^[6] to include all small businesses impacted by COVID-19 Emergency Declaration.^[7] This proclamation includes all states, U.S. Territories, and the District of Columbia. Express Bridge Loans can be approved for health care providers through March 13, 2021.

Express Bridge Loans may be granted at a maximum amount of \$25,000 for a loan term of 7 years. The maximum allowable interest rate is 6.5% over the Prime rate, regardless of the maturity of the loan.^[8] A lender may charge an applicable fee of 2% of the loan amount (or \$250), whichever is greater.^[9] Lenders are not required to take collateral for Express Bridge Loans. The minimum accepted credit score is a FICO Small Business Scoring Service Score of 130.

a. Who is Eligible for an Express Bridge Loan?

Any small business located in any U.S. state, territory, or the District of Columbia that was operational on March 13, 2020.

b. How Does a Health Care Provider Qualify for an Express Bridge Loan?

A health care provider interested in applying for an Express Bridge Loan must demonstrate that it does not have credit available elsewhere.^[10] This can be achieved by having a lender^[11] certify on a Lender's Application for Loan Guaranty Form (SBA Form 1920) that the provider does not have the ability to obtain some or all of the requested loan amount from a non-Federal source, including from the lender completing the form, without SBA assistance. The lender must also document that the provider / applicant had an operating business located in a disaster area on March 13, 2020, which was adversely impacted by COVID-19.

The provider / applicant must also complete the SBA 7(a) Borrower Information Form (SBA Form 1919). This form should be submitted to the provider's lender. The form requires information about each of the applicant's principals, which includes:

- Sole proprietors;
- For a general partnership: all general partners and all limited partners owning 20% or more of the equity of the business; or any partner that is involved in the management of the business;
- For a corporation: all owners of 20% or more of the corporation, and each officer and director;
- For limited liability companies: all members owning 20% or more of the company, each officer, director, and managing member;
- Any person hired by the business to management day-to-day operations ("key employees"); and
- Any Trustor (if the business is owned by a trust).

A separate SBA Form 1919 should be completed and signed by each of the above principals.^[12] Finally, the lender must a signed IRS Form 4506-T to obtain an IRS transcript before it disburses the loan.^[13]

C. How Soon Will a Provider Receive an Express Bridge Loan Payment?

The first disbursement of an Express Bridge Loan "should occur" within 45 days of the lender's receipt of an SBA loan number. Disbursement must occur within 90 days of receipt of an SBA loan number or the loan will be cancelled.^[14] The SBA "endeavors" to provide loan numbers within one business day of receipt of the application (if filed through the SBA's electronic transmission

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system, “E-Tran”).

III. Conclusion:

The Federal Government is working with the SBA to make emergency funds available as quickly as possible to providers affected by COVID-19. Liles Parker attorneys are closely monitoring the available programs and are available to assist health care providers with the loan process and to answer any other concerns in response to this National Emergency.



Ashley Morgan is a Senior Associate at the health law firm, Liles Parker, PLLC. Ms. Morgan represents health care providers and suppliers around the country in a wide variety of regulatory matters. These include but are not limited to Medicare revocation, suspension and deactivation actions, prepayment reviews, postpayment claims audits, and State Board licensure matters. Ms. Morgan is also assisting health care providers and suppliers adversely affected by COVID-19 with the completion and submission of SBA business loans. For a free consultation regarding your needs, please give Ms. Morgan a call. She can be reached at **(202) 298-8750** or toll-free at **1 (800) 475-1906**.

[1] *Express Bridge Loan Pilot Program Guide*, Small Business Administration, <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[2] COVID-19 SBA Loan Support May be Available for Qualified Health Care Providers, Liles Parker PLLC (Mar. 25, 2020) <https://www.lilesparker.com/2020/03/25/covid-19-sba-loan/> (last accessed Mar. 26, 2020).

[3] 82 Fed. Reg. 47958, *Express Bridge Loan Pilot Program; Modification of Lending Criteria* (Oct. 16, 2017) (codified at 13 CFR Part 120).

[4] *Current Declared Disasters*, Small Business Administration, <https://disasterloan.sba.gov/ela/Declarations> (last accessed Mar. 26, 2020).

[5] *Express Bridge Loan Pilot Program: Program Guide v.2*, Small Business Administration, Mar.

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25, 2020, p. 3, available at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[6] According to the SBA the expansion of the Express Bridge Loan Program will be published in the Federal Register. *Express Bridge Loan Pilot Program: Program Guide v.2*, Small Business Administration, Mar. 25, 2020, p. 3, available at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[7] This Emergency Declaration was issued by President Trump on March 13, 2020. Donald Trump, *Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak*, The White House, Mar. 13, 2020, <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/> (last accessed Mar. 26, 2020).

[8] *Express Bridge Loan Pilot Program: Program Guide v.2*, Small Business Administration, Mar. 25, 2020, p. 7-8, available at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[9] An SBA Form 159 must be completed and signed by the applicant and lender if the lender charges an application fee. *Express Bridge Loan Pilot Program: Program Guide v.2*, Small Business Administration, Mar. 25, 2020, p. 11, available at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[10] 42 C.F.R. § 120.101.

[11] The lender must have an existing banking relationship with the provider/applicant as of the date of the applicable disaster. *Program Guide v.2*, Small Business Administration, Mar. 25, 2020, p. 9, available at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[12] *SBA 7(a) Borrower Information Form*, Small Business Administration (SBA Form 1919) (OMB Control No. 3245-0348) (Exp. Date July 31, 2020).

[13] *Express Bridge Loan Pilot Program: Program Guide v.2*, Small Business Administration, Mar. 25, 2020, p. 11-12, available at: <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide> (last accessed Mar. 26, 2020).

[14] *Express Bridge Loan Pilot Program: Program Guide v.2*, Small Business Administration, Mar. 25, 2020, p. 12, available at:

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