

SMALL BUSINESS EMERGENCY BRIDGE LOAN – ARE YOU ELIGIBLE?

While the full effects of the Novel Coronavirus Disease 2019 (COVID-19) pandemic are continuously evolving, small businesses in the Sunshine State can potentially find some measure of relief through a bridge loan program offered by the State of Florida. Yesterday, Governor DeSantis announced the activation of the Florida Small Business Emergency Bridge Loan Program. The program, which was originally implemented in the aftermath of Hurricane Andrew in 1992, is designed to provide short-term, interest-free loans to small business in the state that experience economic injury from COVID-19. Starting today, impacted businesses from all Florida counties can submit applications for the program and applications can be made through May 8th of this year. The State of Florida has allocated up to **\$50 million** for this program.

In terms of eligibility, the State has indicated that applications will be considered from qualified for-profit, privately held small businesses that maintain a place of business in the State of Florida and which: (i) were established prior to March 9, 2020; (ii) employ between two (2) to one hundred (100) employees (although self-employed individuals without other employees can be reviewed on a case-by-case basis); and (iii) are able to demonstrate economic injury or damage as a result of COVID-19, as the need for the loan and use of proceeds must be directly related to the economic injury caused by COVID-19. An eligible small business may only receive one loan. Under the program, an eligible small business can receive a loan of up to \$50,000, although loans of up to \$100,000 may be made in special cases as warranted by the need of such eligible small business. Each loan made pursuant to the program will have a term of one (1) year and each loan will be interest-free for the entire term; in the event the loan is not paid in full by the expiration of the term, the unpaid balance of the loan will accrue interest at the rate of twelve percent (12%) per annum until such outstanding balance is repaid in full. Loans made pursuant to the program will not include any prepayment or early payment penalties. Loans will be made to individuals who, individually or collectively, own at least fifty-one percent (51%) of the equity of the affected small business, and the state will require borrowers to sign an agreement stating that the proceeds of the loan will be used only for purposes of maintaining or restarting the business, although use of proceeds to pay off debts already incurred for qualifying business maintenance or restart purposes may be authorized on a case-by-case basis. In addition, borrowers will be required to certify that the proceeds of insurance claims, other loans applied for or to be applied for, or other financial assistance will be used to repay the loan.

In addition, while the Florida Department of Economic Opportunity is in the process of surveying businesses in the state that have been impacted by the COVID-19 pandemic through a Business Damage Assessment Survey (available at <https://www.floridadisaster.biz>), we note that a small business' response to the Business Damage Assessment Survey does not constitute an application for assistance under the Florida Small Business Emergency Bridge Loan Program; businesses seeking a bridge loan pursuant to the program must submit an application and all required supporting documentation at <https://www.floridadisasterloan.org/>. Direct inquiries regarding the program can also be made with the Florida Small Business Development Center Headquarters via email at Disaster@FloridaSBDC.org or toll-free at (866) 737-7232.

As always, our firm remains committed to serving you in these uncertain times. Please contact Will Conroy (willc@jpfirm.com) or Chris White (chrisw@jpfirm.com) with any questions or if you need help with your application. We are here for you.