

Community Advisor

E-NEWSLETTER FOR
COMMUNITY ASSOCIATION
CLIENTS AND FRIENDS



ALERT!



Federal Disaster Relief Loans May be Available for Community Associations

As we enter April, the first full month of economic shutdown due to the COVID-19 pandemic, many community association boards are contacting us with concerns about loss of revenue due to owners who do not pay their assessments. Many fear that this is just the beginning of a longer lasting problem and want to take proactive steps to mitigate economic harm to the association. Such associations may consider applying for the U.S. Small Business Administration Economic Injury Disaster Loan or Advance Loan (known as EIDL), which potentially offers economic relief to community associations that need it due to temporary loss of revenue.

The SBA's EIDL loans offer up to \$2 million in assistance and can provide vital economic support to non-profits to pay fixed debts, payroll, accounts payable, and other bills that can't be paid during the temporary loss of revenue they are experiencing. The interest rate for non-profits is 2.75%. In addition, EIDL may provide immediate assistance in the form of an advance of up to \$10,000, which would be available to the association within three days of a successful loan application. This advance may be forgiven if spent on certain qualified expenses including paid leave, payroll, or loan payments that can't be met due to loss of revenue.

Applications for EIDL must be made directly with the Small Business Administration (“SBA”) and can be made online at <https://covid19relief.sba.gov/#/>. Questions concerning the application process, eligibility and eligible covered expenses should be directed to the SBA at 1-800-659-2955 or the SBA’s Southeast Regional Office at 404-331-4999.

Importantly, prior to entering into a loan of any sort, an association board should check with its NowackHoward attorney to confirm the association’s authority under its governing documents to take out the loan. The governing documents of some associations may impose limitations on the board’s right to enter into a loan, including requiring a membership vote to approve the loan, and those limitations would apply to SBA disaster relief loans as well.

Please stay safe and well and let us know how we can help you.

For more community association law news, visit our blog, [The Community Counsel](#). For notifications and everything else NowackHoward, follow us on [LinkedIn](#) and [Facebook](#).



Rebecca Drube

Partner
NowackHoward, LLC
Rebecca@NowackHoward.com



Melinda Banks

Associate
NowackHoward, LLC
Melinda@NowackHoward.com

For a full list of NowackHoward contacts, see our [Contact Form here](#).

[Visit our Website](#)

[Visit our Library](#)

[Visit our Blog](#)