

April 1, 2020

### **SBA Announces Disaster Assistance Loans for Small Businesses Impacted by Coronavirus**

The SBA announced that it will be providing Disaster Assistance Loans for small businesses adversely impacted by COVID-19. Small businesses are the backbone of our economy, and the SBA will be working directly with state Governors to provide targeted, low-interest disaster recovery loans to those businesses which were adversely impacted by COVID-19.

The SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance for a small business. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. Below are some of the key points relating to the [SBA press release](#):

#### **Process for Accessing SBA's Coronavirus (COVID-19) Disaster Relief Lending**

- The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19).
- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

- SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.

### Eligible Entity Verification

The SBA's Economic Injury Disaster Loan Program requires that qualified entities must be impacted by the Coronavirus (COVID-19). One of these options must be applicable for eligibility:

- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at <https://www.sba.gov/size-standards>.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at <https://www.sba.gov/size-standards>.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c),(d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.

### Loan Specifics

- Loans can only be used for certain purposes such as working capital, fixed debts, payroll, accounts payable, etc.
- The SBA loan limit is \$2 million, and limitations apply to this amount.
- The interest rate for small businesses is 3.75%, and for nonprofits it is 2.75%.
- The maximum loan term is 30 years. It is important to note that loan terms are determined on a case-by-case basis.
- The SBA requires collateral for all loans over \$25,000.

### Loan Assistance & Forgiveness

In certain circumstances loans may be forgiven. Loan forgiveness can be applicable to an amount equal to payroll costs, interest on mortgage obligations, rent, payments for utilities, etc. There are additional loan protections offered by the SBA under the COVID-19 Disaster Assistance Loan Program including SBA payments of all principal, interest, and fees on existing SBA loans for up to 6 months for certain types of small business loans. The SBA also included a Paycheck Protection Program which is designed to help employers cover their payroll costs during the COVID-19 emergency. Visit the SBA website for important details applicable to these programs.

### Resources

Contact the SBA Disaster Assistance Customer Service Center: Call (800) 659-2955 (TTY: (800) 877-8339) or e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

COVID-19 Economic Injury Disaster Loan Application: <https://covid19relief.sba.gov/#/>

Find A Local SBA Field Office for Assistance: <https://www.sba.gov/local-assistance/find/?type=SBA%20District%20Office&pageNumber=1>

SBA Coronavirus Assistance [Press Release](#)

Contact Us for Coronavirus Insurance Related Questions: <https://patriotgis.com/contact/>

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