



ALERTS

Small Businesses Affected By COVID-19 May Be Eligible For SBA Disaster Assistance Loans

March 23, 2020

The U.S. Small Business Administration (SBA) will be offering Disaster Assistance loans for small businesses impacted by the COVID-19 pandemic. Small businesses, small agricultural cooperatives and nonprofits may be eligible for low-interest loans of up to \$2 million to help overcome temporary loss of revenue due to the coronavirus.

Businesses can visit the SBA's dedicated website [to apply for loans](#) and learn more about the Economic Injury Disaster Loan program.

The SBA emphasizes that it is critical that every application be complete and as accurate as possible, as any missing information will delay processing.

To qualify for an SBA Disaster Assistance loan, applicants must demonstrate credit history, the ability to repay the loan and working capital losses attributable to COVID-19. A business that has other available funds, such as cash flow or reserves, may not be eligible to receive such a loan. In addition, a business must have a physical presence in a state for which the SBA has issued an assistance declaration. As of March 23, all 50 states have received such a declaration.

Under this program – unlike traditional SBA loans – a business does not have to involve an SBA lender. Instead, loan proceeds will be issued directly by the Department of Treasury to the applicable business. These loans may be used to pay fixed debts, cover payroll, address accounts payable and other bills incurred during this public health emergency. The interest rates for small businesses and nonprofits for these loans are 3.75% and 2.75% respectively, with terms up to 30 years.

RELATED PEOPLE



Mary E. Comazzi

Partner

Southeast Michigan, Grand Rapids

P 734-489-8019

F 734-489-8002

Mary.Comazzi@btlaw.com

RELATED PRACTICE AREAS

Corporate

COVID-19 Resources

Although the SBA will be processing what is expected to be millions of applications for disaster assistance loans, it has not provided any indication of how long a company may have to wait to receive funds if selected. For comparison purposes, following Hurricane Harvey, the SBA received approximately 350,000 applications for disaster assistance loans and provided responses to completed applications in 18-21 days, on average.

Barnes & Thornburg will be hosting a webinar on March 26, 2020, to provide more detailed information regarding the SBA Disaster Assistance Loan process.

For more information, contact the Barnes & Thornburg attorney with whom you work or Jason Myers at 214-258-4157 or jmyers@btlaw.com, or Mary Comazzi at 947-215-1319 or mary.comazzi@btlaw.com.

© 2020 Barnes & Thornburg LLP. All Rights Reserved. This page, and all information on it, is proprietary and the property of Barnes & Thornburg LLP. It may not be reproduced, in any form, without the express written consent of Barnes & Thornburg LLP.

This Barnes & Thornburg LLP publication should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer on any specific legal questions you may have concerning your situation.