

SBA's COVID-19 Disaster Loan Program

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PRACTICES Asset-Based Lending, Financial Regulatory, Finance, Government and Public Policy

The U.S. Small Business Administration (SBA) is an independent agency of the federal government established to provide assistance and protection in the interest of small businesses. Among its funding programs, the SBA Disaster Assistance program provides low interest loans to help businesses and homeowners to recover from declared disasters – usually for events such as hurricanes or floods. In light of the current Coronavirus (COVID-19) pandemic, the Disaster Assistance program has been modified to provide loans for small businesses and non-profits impacted by COVID-19. Currently, small businesses and non-profits in all U.S. states and territories are eligible to apply. The program will provide loans of up to \$2 million for approved applications with interest rates of 3.75% for small businesses and 2.75% for non-profits. Repayment terms can be up to 30 years, but will be determined on a case-to-case basis. As for approval times, according to SBA's Administrator Jovita Carranza, it will take on average between two to three weeks with clear cut applications approved much faster.

Also, as announced on March 23, 2020, SBA will automatically defer all existing disaster loans until December 31, 2020 as an effort to further assist small businesses during these times. Borrowers do not have to contact SBA to request the deferment.

SBA's determination of what is considered "small business" varies by industry. The two factors SBA consider are: (1) number of employees and (2) revenue. To check whether your business qualifies as a "small business", please visit: <https://www.sba.gov/document/support--table-size-standards>

COVID-19 SBA Disaster Loan Program Summary:

Loan Amount

Up to \$2 million.

Eligible Entities and Areas

Small businesses and non-profits in ALL U.S. states and territories.

Interest Rates

Small businesses: 3.75%

Non-profits: 2.75%

Term

Determined on a case-to-case basis (maximum term – 30 years).

Approval Time

Average 2-3 weeks (clear cut applications will be approved much faster). Disbursement can take up to five business days.

Apply at: <https://disasterloan.sba.gov/ela/>