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Senator John Albers

March 30, 2020

MEMORANDUM
SBA Disaster Assistance in Response to the Coronavirus

The U.S. Small Business Administration is offering two main options for assistance for small businesses:

1) Paycheck Protection Program and 2) Economic Injury Disaster Loans (“EIDL”). You are eligible if you are:

- A small business with fewer than 500 employees;
- A small business that otherwise meets the SBA’s size standard;
- A 501(c)(3) with fewer than 500 employees;
- An individual who operates as a sole proprietor;
- An individual who operates as an independent contractor;
- An individual who is self-employed who regularly carries on any trade or business;
- A Tribal business concern that meets the SBA size standard; or
- A 501(c) (19) Veterans Organization that meets the SBA size standard.

Small businesses can receive both an EIDL and a Paycheck Protection Program loan. However, the loans cannot pay for the same expenses. Businesses are advised to speak to their financial advisor or lender before taking both types of loans.

Paycheck Protection Program

The Paycheck Protection Program provides 100% federally guaranteed loans to small businesses. Approved with the passage of the CARE Act, the SBA will back small-business loans through local lenders. We can expect more details from the Trump administration early this week on the list of lenders who will offer loans under this program. Loans are expected to be available as early as Friday, April 3. Updated information will be provided on this program as details are released.

Most importantly, portions of these loans can be forgiven. For example, if borrowers maintain their payrolls during the coronavirus crisis, restore their payrolls after the crisis; or use the funds for certain purposes in the first 8 weeks of receipt. The U.S. Chamber of Commerce has prepared a comprehensive checklist so businesses and individuals can prepare to file a loan once the program is live. Access it here: https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final_revise_d.pdf

Economic Injury Disaster Loans

The U.S. Small Business Administration is offering designated states low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of COVID-19.

These loans are not new and some businesses may be more familiar with the process, as they are often available in times of catastrophe. Economic Injury Disaster Loans (“EIDL”) are available in states where the governor has requested an economic injury loan declaration from the SBA. As of March 18, the U.S. Small Business Administration declared an “Economic Injury Disaster” for the State of Georgia.

SBA’s Economic Injury Disaster Loans offer up to \$2 million in assistance to small businesses to help overcome the temporary loss of revenue they are experiencing. 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 and 2.75% for non-profits. These loans offer long-term repayments in order to keep payments affordable, up to a maximum of 30 years.

Borrowers can also receive \$10,000 in an emergency grant cash advance that can be forgiven if spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments, or repaying obligations that cannot be met due to revenue loss. Borrowers can receive the emergency grant even if they do not qualify for additional funds. This emergency grant can be received in as little as 3 days (although tremendous need has overwhelmed the system).

Businesses should expect to provide a tax transcript, financial statements, and a profit and loss statement when applying for this assistance. The SBA estimates the application will take two hours. The COVID-19 Economic Injury Disaster Loan Application can be accessed here: <https://covid19relief.sba.gov/#/>.

SBA Disaster Assistance Customer Service Center

Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.