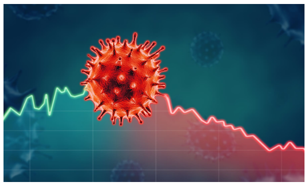

SBA Relief for Businesses Impacted by COVID-19 – Disaster Assistance Loans

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Categories:

Blockchain and Digital Assets
Coronavirus Response Team

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In terms of operational shutdowns, lack of customers, and canceled or delayed contracts, all businesses have felt (or will) the impact of the COVID-19 pandemic. In fact, the myriad ways COVID-19 will impact small businesses are not yet fully known. What is known is that small businesses are poised to be significantly and severely impacted by the effects of COVID-19. This alert discusses the Small Business Administration's (SBA) response, who/ is eligible for disaster assistance loans, how you can use the loan, and the repayment terms.

In addition to offering small business counseling on how to prepare for and deal with the pandemic, the SBA is implementing the Coronavirus Preparedness and Response Supplemental Appropriations Act recently passed by Congress and signed into law by the president. While the process is still unfolding, we offer the basic parameters you need to know if your business is considering a disaster assistance loan.

First, the governor of your state or territory must request an Economic Injury Disaster Loan declaration. Following this request, the SBA will issue the declaration. This will render certain small businesses and private, non-profit organizations eligible for loans to alleviate the economic injury caused by COVID-19. The SBA will work with governors in submitting this request and designating areas within a state.

Who is Eligible?

- Small businesses and private, non-profit organizations
- Must be within a designated area following the SBA's issuance of an Economic Injury Disaster Loan declaration
- Must not have other available business credit

How Can You Use the Loan?

- To pay fixed debts
- Payroll
- Accounts payable
- Other bills that cannot be paid due to the pandemic

What Are the Terms?

- 3.75% interest rate for businesses
- 2.75% interest rate for non-profits
- The maximum term of 30 years

Note: The term of the loan is determined on a case-by-case basis and based on the borrower's ability to repay.

SBA disaster assistance loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the pandemic'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%.

To provide guidance and support to clients as this global public-health crisis unfolds, Frost Brown Todd has created a Coronavirus Response Team. Our attorneys are on hand to answer your questions and provide guidance on how to proactively prepare for and manage any coronavirus-related threats to your business operations and workforce.

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