



This document provides a brief overview of SBA Disaster Loan Assistance for COVID-19 and how to apply. The SBA's loan amounts, requirements, and processing times may change as the government continues to respond to the situation.

Additional assistance through expanded funding and guarantees for traditional 7(a) lending partners is also being discussed. This is not mutually exclusive with disaster assistance.

SBA Disaster Loan Assistance Overview:

- On March 6, the U.S. government authorized \$7 Billion in SBA disaster relief. More is expected.
- These loans may go up to \$2MM, and have an interest rate of 3.75% for businesses, agricultural co-operatives, and nonprofits of any size.
- Terms will not exceed 30 years.
- Actual loan amounts depend on the extent of injury.
- While the government is discussing steps to bring processing time down to as little as 36 hours, approval time in the past has taken anywhere from 3-4 weeks to 5+ months (during Katrina). This depends on the number of SBA applicants and complexity of each application.
- After approval, disbursement can be made in as few as 5 business days.
- Businesses with existing debts and liens will see these SBA loans subordinated.

Requirements:

- The business must be in an impacted area. Eligible CA counties as of 3/16/20 include:
 - Primary Counties:
 - Alameda, Calaveras, Contra Costa, Los Angeles, Sacramento, San Diego, San Francisco, San Mateo, Sonoma, and Tuolumne
 - Contiguous Counties:
 - Alpine, Amador, El Dorado, Imperial, Kern, Lake, Madera, Marin, Mariposa, Mendocino, Merced, Mono, Napa, Orange, Placer, Riverside, San Bernardino, San Joaquin, Santa Clara, Santa Cruz, Solano, Stanislaus, Sutter, Venture, Yolo
- The business must show substantial economic injury as a result of COVID-19
 - *"Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses"*
 - The SBA is allowing forecasted economic losses due to canceled high-revenue events
 - The SBA will compare 2019 YTD financials vs. 2020 YTD financials to assess injury
- The business must be determined to be unable to obtain credit elsewhere
- Any business owner with 20% or greater interest will need to make a personal guarantee and if applicable, a lien will be placed on their home

Process:

1. Gather necessary information:
 - a. Income tax returns with all schedules, ideally last 3 years
 - b. If last years taxes are not filed, then a year-end P&L and balance sheet is acceptable
 - c. Personal financial statements for owners with 20% interest or greater
 - d. Schedule of Debts (fixed debts)
 - e. If applying via mail: SBA Form 5 Loan Application
2. Apply:
 - a. Online: <https://disasterloan.sba.gov/ela/Account/Login>

- b. Mail – Download Complete these forms:
<https://disasterloan.sba.gov/ela/Information/PaperForms>
3. The SBA reviews your documents and your credit, verifies losses and estimates total damage.
 - a. A loan officer will be in contact with you to ensure all necessary information is provided
 - b. The SBA aims for 3-4 weeks of processing time, but saw an average of 5 months during Katrina
4. The loan officer will contact you to discuss their loan recommendation
5. If approved, disbursement can be made in as few as five business days and a case manager is assigned to you

Additional Information:

- Declared SBA Disaster Areas: <https://disasterloan.sba.gov/ela/Declarations/Index>
- 2018 guide on Disaster Loan process:
<https://disasterloan.sba.gov/ela/Documents/Three Step Process SBA Disaster Loans.pdf>
- SBA Customer Service:
 - Phone: 1-800-877-8339
 - Email: disastercustomerservice@sba.gov