



Disaster Assistance from the Small Business Administration

On March 6, 2020, HR 6074, The Coronavirus Preparedness and Response Supplement Appropriations Act ("The Act") was passed into law. There are several other Federal Bills currently pending in Congress which are being covered by the popular press that propose various other relief efforts to ameliorate the effects of the Coronavirus on the American Economy. HR 6074 is significant for Small Business in that it recognizes the Coronavirus as an event that qualifies for Disaster Loans under the Small Business Administration's National Disaster lending program.

The Act provided for designating sums remaining in the Treasury and not already appropriated for fiscal year ending Sept 30th 2020 be allocated to specific agencies for response to the Coronavirus. Specific funds were allocated to the Food and Drug Administration, The Center for Disease Control, the National Institutes of Health, the Department of State and as noted, the Small Business Administration.

The Act specifically designated the impact of the Coronavirus as a Disaster that qualified for lending under the Small Business Administration's Disaster Relief program. The Act provided that \$20,000,000 dollars be added to the SBA administrative budget to cover administrative expenses for the Disaster Loan Program Account and that to be authorized and remain which will remain available until expended. The Act further provided that amounts available under the Disaster Loans program be made available for Coronavirus relief and none of the funds allocated to the Disaster Loans Program be used for indirect or administrative funds, and that such funds be exempt from Deficit Control and Balanced Budget Account Acts.

Qualification for Disaster loans under the SBA program require that the state, or county in which the Borrower resides have been declared a Disaster Area. The States and counties that have been declared disaster areas are listed on the SBA website along with details on easy expedited loan applications.

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>. Below is some of the information that is available on the site. The site has contact numbers and loan application forms.

- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance. Once a declaration is made, the information on the application process for Economic Injury Disaster Loan assistance will be made available to affected small businesses within the state.
- SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support 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. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.