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UPDATED INFORMATION REGARDING SBA DISASTER LOANS

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In our continuing effort to provide you with information about resources available to small businesses that are impacted by the Coronavirus, the following is a summary of additional information from Julio Casiano, Deputy District Director of the SBA, regarding the SBA Economic Injury Disaster Loan Program. If you would like additional information or have any questions, please email:

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- The complete list of states that have been declared disaster areas by the SBA can be found here:

<https://disasterloan.sba.gov/ela/Declarations/Index>

- Eligibility for disaster loans:
 - Businesses directly affected by virus
 - Businesses that service directly affected businesses
 - Must have physical presence in declared disaster area; can't just have economic presence

- Businesses submit applications for disaster loans directly to the SBA at:

<https://disasterloan.sba.gov/ela/Information/Index>

- Funding is provided directly by the federal government with no involvement by any banks
- **There are no costs or fees to apply for a disaster loan and no closing costs**
- Important criteria for loans – applicant has to show ability to repay based on financial information and tax returns (and assuming no impact from COVID-19 virus)
- If a business can't justify the loan amount requested, the SBA may approve a lesser amount
- Maximum loan amount \$2 million; maximum term 30 years
- Loan proceeds can be used only for working capital purposes; not intended to fund equipment purchases, etc., or to replace lost sales/lost profits

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- Loans under \$25,000 will be made on an unsecured basis; loans over \$25,000 have to be secured by whatever collateral is available; applicant should not worry about inadequate collateral – submit application and let the SBA make the decision
- Value of available collateral does not have to cover full amount of the loan; SBA is more interested in ability to repay
- There is no obligation to take an approved loan
- Business that has an existing SBA disaster loan (e.g. from Hurricane Sandy) can still apply for a new disaster loan to address economic injury from virus
- The SBA will subordinate to applicant's senior debt if and when necessary
- New businesses can apply for a loan even if they don't have historical financial information or haven't file tax returns – the SBA will accept projections to determine ability to repay
- Non-profit entity must have effective ruling letter from IRS re: 501 exemption
- Businesses that are not eligible for disaster loans:
 - Agricultural
 - Religious
 - Charitable Organizations
 - Gambling; Casinos
 - Real estate developers
- The time frame for processing applications is generally 18 – 21 days
- SBA website enables applicant to keep track of status of loan application
- SBA Disaster Loan customer service:
 - Telephone # 800-659-2955
 - disastercustomerservice@sba.gov
- **Main takeaway – every business is encouraged to apply and let SBA make determinations; don't assume that your business won't qualify for a disaster loan**