

## **SBA - Economic Injury Disaster Loan**

The Small Business Administration (SBA) has available an Economic Injury Disaster Loan for businesses affected by Covid-19. This provides our small businesses the ability to apply for an SBA Disaster Loan during this time of economic injury. Below is some key information regarding this loan.

- The loans are available for small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations
  - Some businesses that are not eligible are: agricultural enterprises, religious organizations, charitable organizations, casinos, racetracks, and real estate developers
- The businesses can qualify for loans up to \$2 million with interest rates at 3.75% (2.75% for nonprofit organizations) with terms up to 30 years.
  - The funds are to be used for working capital and not to refinance existing debt
  - The SBA loan officer will determine the approved amount and loan terms upon approval of the application
- Any loans over \$25,000 will require collateral
  - SBA takes real estate as collateral when available
  - They will not decline a loan for a lack of collateral but will require borrowers to pledge what is available
- There is no cost to apply, no obligation to take the loan if approved, and no prepayment penalty
- There is personal guarantee regardless of the amount of the loan for any owners owning more than 20%
- The borrower has the opportunity to defer payments for up to 12 months
  - Interest will accrue at the beginning of the loan
- Processing time typically takes 3-4 weeks from accepted application to money in the bank
  - The typical decision time is 21 days
  - When the decision is made on the amount and terms, paperwork is sent to you for signature
  - When the signed paperwork is received by the SBA the funds are directly deposited into your checking account typically within 2-3 business days
- If you are interested in applying, we recommend to complete the applications as soon as possible. The 3-4 week turn around will likely extend in response to the size of the pipeline. You can determine at the time of approval if you'd like to accept the loan.