



Protect Your Business from Coronavirus with a Disaster Assistance Loan

March 16, 2020 / By Mark Melickian

Small Business Administration Launches COVID-19 Disaster Relief Program

On March 12, 2020, the U.S. Small Business Administration (SBA) announced the creation of a disaster assistance loan program to make “Economic Injury Disaster Loans” to COVID-19 impacted businesses. Some of the key elements of this disaster assistance program are:

- Disaster assistance loans of up to \$2 million to cover temporary loss of revenue. (Note: the traditional SBA loan program offers loans of up to \$5 million).
- Interest rates of 3.75% to for-profit businesses, and 2.75% to not-for-profits.
- Loans may be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of COVID-19’s impact.

These loans are not available everywhere (yet), nor are they available to all impacted small businesses. First, the loans are only available to businesses that have exhausted their [access to other credit](#). Second, the loans are being offered only to small businesses in states and territories that will be designated for this relief upon the request of that state or territory’s governor. These areas can be located at this link:

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

As of March 16, 2020, the SBA has not added COVID-19 states or territories to

its list of federal or SBA Declared Disaster zones, but this should change as the SBA staff works to update the page and state governors make their requests.

Act Now: Find Disaster Assistance Loans and Other SBA Resources

If you have never considered applying for an SBA loan or taken advantage of its resources, now may be the time. If you need or may need disaster assistance, now IS the time to look into a disaster assistance loan. You should expect that the SBA is going to be resource-strained for the foreseeable future. If you need or may need SBA loan or disaster assistance, you should act now, before a line forms.

The following are some links to SBA information on its loan programs and COVID-19 relief program:

- SBA home page: <https://www.sba.gov>
- SBA's COVID-19 general guidance page: <https://www.cdc.gov/coronavirus/2019-ncov/index.html>
- Summary of the SBA's COVID-19 disaster relief program: <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>
- SBA's announcement page for the COVID-19 disaster relief program: <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-provide-disaster-assistance-loans-small-businesses-impacted-coronavirus-covid-19>
- SMA home page for applying for disaster relief: <https://www.sba.gov/funding-programs/disaster-assistance>

Smart business owners should get ahead of the financial challenges that they are sure to face over the coming weeks and months. However, at the same time, they should also recognize that the government is already taking unprecedented measures to safeguard the economy and there is reasonable cause to believe that help is on its way – particularly if you know how to seek help.

About Mark Melickian

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