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Small Business Disaster Loans

By the Business Practice Group

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Availability of Small Business Disaster Loans for Oregon Businesses

The Small Business Association (“SBA”) is now accepting applications for Emergency Injury Disaster Loans (“Disaster Loans”) from Oregon businesses affected by Covid-19. We believe wait times to process applications will be substantial because the SBA is not currently set up to handle the volume of applications they will be receiving. We recommend that you act quickly if you plan to obtain an SBA Disaster Loan.

What is an SBA Disaster Loan?

SBA Disaster Loans can be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The loans can provide up to \$2 million in assistance with interest rates of 3.75% and payment terms of up to 30 years. The amount of assistance, interest rates, and term, are all subject to the discretion of the SBA.

How Can I Prepare?

- File taxes now and prepare a personal financial statement.
- Have three years of business and personal tax returns ready.
- If 2019 returns are not available, submit year-end 2019 financials and a 2019 personal financial statement. Make sure to include monthly operating expenses from March through September of 2019.
- Prepare forecasts and budgets for 2020 under best case, expected case, and worst case scenarios.
- Prepare a debt schedule.
- Submit any relevant insurance claims.

What are the Application Requirements?

- Contact information and social security numbers for all applicants.
- Deed or lease information.
- Insurance information.
- Financial information (e.g. income, account balances and monthly expenses).
- Employer Identification Number (EIN) for business applicants.

To learn more about SBA Disaster Loans, you can visit the SBA links below.

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

https://www.sba.gov/sites/default/files/files/SBA_Disaster_Loan_Program_Reference_Guide.pdf

https://disasterloan.sba.gov/ela/Documents/Three_Step_Process_SBA_Disaster_Loans.pdf

We will continue to update you as we learn more about the situation.
