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Small Business Disaster Loans

By the Business Practice Group

Availability of Small Business Disaster Loans for Oregon Businesses

You may have heard that Congress recently appropriated \$7 billion in funds to the Small Business Association (“SBA”) for Emergency Injury Disaster Loans (“Disaster Loans”) in response to Covid-19. Once the State secures the necessary emergency declaration from the SBA, which is a precondition to SBA Disaster Loans being available to Oregon businesses, we recommend that you act quickly if you plan to obtain an SBA Disaster Loan. At the time of this writing there are 23 states with emergency declarations in place and wait times to process applications will be substantial.

[Note: businesses in some “contiguous” counties can apply because Washington, California, and Nevada, all have emergency declarations in place. Those counties are: Harney, Lake, Gillam, Hood River, Morrow, Sherman, Umatilla, and Wasco.]

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?

If you plan on applying for an SBA Disaster Loan when they become available to Oregon businesses, we suggest that you take the following preparatory actions now to help streamline the application process:

- File taxes now, especially if 2019 was a strong year, 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.
 - Also, 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.

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/disaster-assistance/coronavirus-covid-19>

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