

PUBLICATION

Coronavirus: Small Business Administration to Make Economic Injury Disaster Loans Available in Response to Pandemic

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Although the ultimate impact of the coronavirus (COVID-19) cannot be predicted, the pandemic has and will continue to affect commerce in the United States as well as abroad. Disruptions to the supply chain for imported goods, diminished customer demand and increased costs for operation are all affecting businesses in the United States. Among the hardest hit will be small businesses which have the least cushion for absorbing the economic consequences of the pandemic.

To help these small businesses, President Donald J. Trump has directed the United Small Business Administration (SBA) to make low-interest working capital loans available to small businesses affected by the pandemic under the SBA's Economic Injury Disaster Loan Program. In addition, the President has requested that Congress act to increase appropriations to the SBA from \$19 billion to \$50 billion to make more assistance available to small businesses.

The loans will be available to small businesses and eligible non-profit organizations with the following details as we know today:

- Loan amount of up to \$2,000,000 per borrower
- Carry an interest rate of 3.75% (2.75% for non-profit organizations)
- Payable over a term of up to 30 years
- Proceeds of the loans may be used to pay existing fixed debt, employee payroll, accounts payable and other expenses of operation

In order to be eligible, a small business or non-profit organization must be:

- Located in an area that the Governor of the state has declared to be an impacted area
- The business must be unable to secure loans from other sources

Details for submission of applications for assistance will be released once an area has been designated by the Governor and SBA.

Resources

Other Baker Donelson alerts:

- [Coronavirus: Resources Materials Available for Small Business Administration Economic Injury Disaster Loans \(March 24, 2020\)](#)
- [CARES Act: Understanding SBA Loan Programs to Determine Eligibility and Best Fit for Your Company \(March 27, 2020\)](#)
- [CARES Act: Understanding SBA's Loan Eligibility Requirements, Including Affiliation Rules \(March 30, 2020\)](#)

Other resources:

- [Coronavirus Aid, Relief, and Economic Security Act \(CARES Act\)](#)
- [North American Industrial Classification \(NAICS\) Codes](#)
- [SBA – Calculating Number of Employees](#)
- [SBA – Calculation of Annual Receipts](#)
- [SBA – Disaster Assistance Loan Application](#)
- [SBA – Economic Injury Disaster Loan Program \(EIDL\) Eligibility](#)
- [SBA – Franchise Directory](#)
- [SBA – Lender Match Program](#)
- [SBA – Size Standards and Affiliation Principles for Financial Assistance Programs](#)
- [SBA – Small Business Investment Corporation \(SBIC\) Program](#)
- [SBA – Small Business Size Standards by NAICS Code](#)

Be on the lookout for additional alerts from Baker Donelson as more information becomes available, or if you have questions, please contact [Jeff Wagner](#) or visit the [Coronavirus \(COVID-19\): What You Need to Know information page](#) on our website.