**SBA Disaster Loan** requires personal guaranty and collateral

800-659-2955 [diasatercustomerservice@sbc.gov](mailto:diasatercustomerservice@sbc.gov)

[www.sba.gov\page\guidance-businesses-employers-plan-response-coronavirus-disease-2019-covid-19](http://www.sba.gov\page\guidance-businesses-employers-plan-response-coronavirus-disease-2019-covid-19)

SBA online application:

* Contact information for all applicants
* Social security numbers for all applicants
* FEMA registration number
  + To obtain a **registration number**, call **FEMA** at 1-800-621-3362
  + I called and FEMA is not issuing registration numbers right now, so it must be necessary for a disaster loan
* Deed or lease information
* Insurance information
* Financial information (e.g. income, account balances and monthly expenses)
* Employer Identification Number (EIN) for business applicants

**Paycheck Protection Loans** no guaranty and no collateral

Paycheck Protection Loans

<https://www.venable.com/insights/publications/2020/03/the-cares-act-what-you-need-to-know-about>

* Loans will be available through SBA and Treasury approved banks, credit unions, and some nonbank lenders.
* Borrowers can borrower 2.5 times their monthly payroll expenses, up to $10 million.
* Applicable uses for the loan proceeds include: (1) qualified payroll costs; (2) rent; (3) utilities; and (4) interest on mortgage and other debt obligations.
* Loan forgiveness is available for funds used to pay 8 weeks of payroll and other qualified expenses.
* **How are loans made under this Program different from traditional 7(a) loans?**

Unlike traditional SBA 7(a) loans, **no personal guarantee** will be required to receive funds and **no collateral** needs to be pledged. Similarly, the CARES Act waives the requirement that a business show that it cannot obtain credit elsewhere. In lieu of these requirements, borrowers must certify that the loan is necessary due to the uncertainty of current economic conditions; that they will use the funds to retain workers, maintain payroll, or make lease, mortgage, and utility payments; and that they are not receiving duplicative funds for the same uses.

Payments of principal, interest, and fees will be deferred for at least 6 months, but not more than 1 year. Interest rates are capped at 4%. The SBA will not collect any yearly or guarantee fees for the loan, and all prepayment penalties are waived.

The SBA has no recourse against any borrower for non-payment of the loan, except where the borrower has used the loan proceeds for a non-allowable purpose.

##### How does a business apply for a loan under the Paycheck Protection Program?

We expect additional guidance from the SBA regarding how to apply for Program loans, including additional resources on the SBA website about how to find a qualified lender. Borrowers who have outstanding SBA loans may also want to contact their existing lenders to inquire about applying for loans under the Program.

##### Does the CARES Act affect any other loans available to small businesses?

Yes. The maximum loan amount for an Express Loan is increased from $350,000 to $1 million.

The CARES Act also expands eligibility for borrowers applying for an **Emergency Economic Injury Disaster Loan (EIDL) grant**. Under the Act, emergency EIDLs are available for businesses or cooperatives with fewer than 500 employees, sole proprietors or independent contractors, or Employee Stock Ownership Plans (ESOPs) with fewer than 500 employees. Additionally, the Act waives requirements that (1) the borrower provide a personal guarantee for loans up to $200,000, (2) that the eligible business be in operation for one year prior to the disaster, and (3) that the borrower be unable to obtain credit elsewhere. The SBA is also empowered to approve applicants for small-dollar loans solely on the basis of their credit score or "alternative appropriate methods to determine an applicant's ability to repay."

Most significantly for borrowers seeking an immediate influx of funds, borrowers may receive a $10,000 emergency advance within three days after applying for an EIDL grant. If the application is denied, the applicant is not required to repay the $10,000 advance. Emergency advance funds can be used for payroll costs, increased material costs, rent or mortgage payments, or for repaying obligations that cannot be met due to revenue losses.

Borrowers may apply for an EIDL grant in addition to a loan under the Paycheck Protection Program, provided the loans are not used for the same purpose. If a borrower received a loan under 7(b)(2) after January 31, 2020, the borrower may refinance the outstanding balance as part of a loan under the Program.

##### Is relief available for businesses with pre-existing SBA loans?

Yes. The SBA will pay the principal, interest, and associated fees on certain pre-existing SBA loans for 6 months.

**What You Likely Need To Apply** – from Chase Bank 3/27/20 4pm

**Coronavirus Aid, Relief and Economic Security - CARES Act**:

The legislation passed by Congress contains several provisions to provide emergency assistance for Small Businesses affected by the pandemic.  The next step is for the Small Business Administration (SBA) to issue guidance to banks such as Chase on how and when to provide much needed loans to our small business clients under the Act.  We will update this information as we learn more.

This is our current understanding of the provisions in the bill for Small Business owners:

* Paycheck Protection Loan Program expands loan eligibility under the SBA 7a program with the intention to assist businesses with covering costs related to payroll (including healthcare and certain related expenses), mortgage interest, rent, leases, utilities and interest on existing debt.
* Borrowers will need to certify that they’ve been impacted.  There will be no personal guarantees or collateral associated with the loan. Detailed application requirements are still to be determined.
* Loan amount maximum is 2.5 times average monthly payroll or up to $10 million.
* There will also be a payment deferral and loan forgiveness program.

As we have information on timing, we will update [our Covid-19 Business Update site](https://recovery.chase.com/contingency-plan). Please refer back frequently.  Chase applicants may need to be a Chase business deposit account customer as of March 1, 2020, and be able to apply online.

If you believe this program might make sense for your business and would like to get ahead of the curve, below is a list of financials that we **believe** will be part of the loan/underwriting process.  Getting the information proactively will put us in a better position to get your request into underwriting, once the program is made available.

1. Previous 3 yrs. Personal Tax Returns (all pages & owners)
2. Previous 3 yrs. Business Tax Returns (all pages)
3. 2019 YE Financial Statements (Income Statement & Balance Sheet)
4. 2020 Interim Financial Statements (Income Statement & Balance Sheet)
5. Personal Financial Statement – (attached)
6. Debt Schedule – (attached)
7. Current AR Aging Summary
8. Payroll Reports – Form 941 (if available); December, January, February

Please stay safe and let me know if there’s anything else I can do to help you.