Resources for Small Businesses

Overview: Small Business Administration Response to the COVID-19 Crisis

The Small Business Administration has announced a number of measures to support small businesses amid the COVID-19 pandemic and the resulting economic impacts, including resources for the following:

- SBA Economic Injury Disaster Loan Program
- Access to Capital
- Exporting Assistance
- Government Contracting
- Local Assistance
- Guidance on Common Issues Small Businesses May Encounter

SBA Economic Injury Disaster Loan Program

The SBA’s Economic Injury Disaster Loan program provides small businesses with working capital loans of up to $2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

- Upon a request received from a state’s or territory’s governor, SBA will issue an Economic Injury Disaster Loan declaration. The declaration makes loans available to small businesses and non-profits in designated areas of a state or territory to help alleviate economic injury caused by COVID-19.

- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on the SBA website: SBA.gov/disaster.

- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can’t be paid because of the disaster’s impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.

- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower’s ability to repay.

Find more information on the SBA’s Economic Injury Disaster Loans at SBA.gov/disaster, or apply online at https://disasterloan.sba.gov/ela/

The Three Step Process: Disaster Loans

STEP 1: Apply for Loan

- Apply online at the SBA’s secure website: https://disasterloan.sba.gov/ela/.
- Small businesses may borrow up to a maximum of $2 million for economic injury and physical damage.
STEP 2: Property Verified and Loan Processing Decision Made

- SBA reviews your credit before conducting an inspection to verify your losses.
- A loan officer will determine your eligibility during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination, typically within 2-3 weeks.

STEP 3: Loan Closed and Funds Disbursed

- SBA will prepare and send your Loan Closing Documents to you for your signature; once SBA receives your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
  - Physical damage: $25,000
  - Economic injury: $25,000 (in addition to the physical damage disbursement)
- A case manager will be assigned to work with you to help you meet all loan conditions. The manager will also schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

Access to Capital

SBA provides a number of loan resources for small businesses to utilize when operating their business. For more information on loans or how to connect with a lender, visit https://www.sba.gov/funding-programs/loans.

- The 7(a) program offers loan amounts up to $5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. The uses of proceeds include working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business.

- The express loan program provides loans up to $350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.

- The Community Advantage loan pilot program allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of $250,000. The uses of proceeds are the same as the standard 7(a) loan.

- The 504 loan program is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets.
The microloan program involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is $50,000 with the average loan size of $14,000.

How to get access to lending partners? SBA has developed Lender Match, a free online referral tool that connects small businesses with participating SBA-approved lenders within 48 hours.

Exporting Assistance

SBA provides export loans to help small businesses achieve sales through exports and can help these businesses respond to opportunities and challenges associated with trade, such as COVID-19. The loans are available to U.S. small businesses that export directly overseas, or those that export indirectly by selling to a customer that then exports their products.

- **Export Express** loan program allows access to capital quickly for businesses that need financing up to $500,000. Businesses can apply for a line of credit or term note prior to finalizing an export sale or while pursuing opportunities overseas, such as identifying a new overseas customer should an export sale be lost due to COVID-19.

- **Export Working Capital** program enables small businesses to fulfill export orders and finance international sales by providing revolving lines of credit or transaction-based financing of up to $5 million. Businesses could use a loan to obtain or retain overseas customers by offering attractive payment terms.

- **International Trade** loan program helps small businesses engaged in international trade to retool or expand to better compete and react to changing business conditions. It can also help exporting firms to expand their sales to new markets or to re-shore operations back to the U.S.

Government Contracting

SBA is focused on assisting with the continuity of operations for small business contracting programs and small businesses with federal contracts. For more information on federal contracting, visit [https://www.sba.gov/federal-contracting/contracting-guide](https://www.sba.gov/federal-contracting/contracting-guide).

- The **8(a) Business Development** program serves to help provide a level playing field for small businesses owned by socially and economically disadvantaged people or entities, and the government limits competition for certain contracts to businesses that participate. The 8(a) program offer and acceptance process is available nationwide, and the SBA continues to work with federal agencies to ensure maximum practicable opportunity to small businesses. 8(a) program participants should stay in touch with their Business Opportunity Specialist (BOS).
• The HUBZone program offers eligibility assistance every Thursday from 2:00-3:00 p.m. ET at 1-202-765-1264; access code 63068189#. Members of the HUBZone team answer questions to help firms navigate the certification process. For specific questions regarding an application, contact the HUBZone Help Desk at hubzone@sba.gov.

• **Women-Owned Small Businesses** who have questions should visit [www.sba.gov/wosbready](http://www.sba.gov/wosbready) or write to wosb@sba.gov.

If a situation occurs that will prevent small businesses with government contracts from successfully performing their contract, they should reach out to their contracting officer and seek to obtain extensions before they receive cure notices or threats of termination. The SBA’s Procurement Center Representatives can assist affected small businesses to engage with their contracting officer. Use the [Procurement Center Representative Directory](http://www.sba.gov/loc) to connect with the representative nearest you.

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### SBA Local Assistance

SBA works with local partners to counsel, mentor and train small businesses. The SBA has 68 District Offices, as well as support provided by its Resource Partners, such as SCORE offices, Women’s Business Centers, Small Business Development Centers and Veterans Business Outreach Centers. When faced with a business need, use the SBA’s [Local Assistance Directory](http://www.sba.gov/loc) to locate the office nearest you.

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### SBA Guidance on Common Issues Small Businesses May Encounter

- **Capital Access** – Incidents can strain a small business's financial capacity to make payroll, maintain inventory and respond to market fluctuations (both sudden drops and surges in demand). Businesses should prepare by exploring and testing their capital access options so they have what they need when they need it. See [SBA’s capital access resources](http://www.sba.gov/loc).

- **Workforce Capacity** – Incidents have just as much impact on your workers as they do your clientele. It’s critical to ensure they have the ability to fulfill their duties while protected.

- **Inventory and Supply Chain Shortfalls** – While the possibility could be remote, it is a prudent preparedness measure to ensure you have either adequate supplies of inventory for a sustained period and/or diversify your distributor sources in the event one supplier cannot meet an order request.

- **Facility Remediation/Clean-up Costs** – Depending on the incident, there may be a need to enhance the protection of customers and staff by increasing the frequency and intensity by which your business conducts cleaning of surfaces frequently touched by occupants and visitors. Check your maintenance contracts and supplies of cleaning materials to ensure they can meet increases in demand.
• **Insurance Coverage Issues** – Many businesses have business interruption insurance; Now is the time to contact your insurance agent to review your policy to understand precisely what you are and are not covered for in the event of an extended incident.

• **Changing Market Demand** – Depending on the incident, there may be access controls or movement restrictions established which can impede your customers from reaching your business. Additionally, there may be public concerns about public exposure to an incident and they may decide not to go to your business out of concern of exposing themselves to greater risk. [SBA’s Resources Partners and District Offices](https://www.sba.gov) have trained experts who can help you craft a plan specific to your situation to help navigate any rapid changes in demand.

• **Marketing** – It’s critical to communicate openly with your customers about the status of your operations, what protective measures you’ve implemented, and how they (as customers) will be protected when they visit your business. Promotions may also help incentivize customers who may be reluctant to patronize your business.

• **Plan** – As a business, bring your staff together and prepare a plan for what you will do if the incident worsens or improves. It’s also helpful to conduct a tabletop exercise to simulate potential scenarios and how your business management and staff might respond to the hypothetical scenario in the exercise. For examples of tabletop exercises, visit FEMA’s website at: [https://www.fema.gov/emergency-planning-exercises](https://www.fema.gov/emergency-planning-exercises).