

GEORGIA AND SOUTH CAROLINA BUSINESSES CAN NOW APPLY FOR DISASTER LOANS AS A RESULT OF IMPACTS OF CORONAVIRUS COVID-19

As many of you are aware CSRA Business Lending is a non-profit Certified Development Company of SBA serving businesses and banks throughout Georgia and South Carolina by offering SBA-504 loans. In an effort to keep you updated on the availability SBA Disaster Loans related to Corona Virus (COVID-19) we wanted to provide this update.

Updated 4:20 EST - SBA just held a conference call with its lending partners and provided additional detail on the SBA Economic Injury Disaster Loan Program and provided this additional detail on the parameters they have established for the business working capital loans now available relating to Corona Virus COVID-19. All businesses in the two states we serve (Georgia and South Carolina) are now eligible to apply online. These will be direct loans from SBA and will be repaid directly to SBA. The details on the loans and eligibility provided a little while ago:

Loan amounts will be up to \$2.0 million for a business applicant and all its affiliates.

- They will use credit scores in their decisions for approval.
- Rates for businesses will be 3.75% fixed for 30 years.
- All loans will have a repayment term of 30 years. Payments can be deferred for the first 12 months.
- In a Phase I application (which will be most businesses) the maximum loan amount will be 50% of their gross profit from their last completed year. In other words off last years tax returns... $\text{Sales} - \text{Cost of Goods Sold} = \text{Gross Profit} \times 50\% = \text{Maximum Loan Amount}$.
- Larger businesses can proceed to a Phase II application that will require additional documentation if they need more than \$500,000.

- Loans will be collateralized if over \$25,000 if collateral is available with real estate being the preferred collateral.
- All 20% or more owners will fully personally guaranty the loan. Changing ownership prior to application to lower an individuals ownership to avoid a personal guaranty could jeopardize eligibility.
- Proceeds may be used for working capital for business expenses only including supplies and materials, payroll, debt payments, utility, and other operational costs. Essentially any expense that appeared in the business expenses in their financials in the past 12 months is likely eligible. Anything else such as expanding or renovating a facility or making capital equipment purchases (vehicles or other equipment) is not.
- No debt consolidation will be allowed. The exception would be temporary or interim loans that were taken out since the crisis started for operational expenses may be refinanced. The business can pay regular monthly debt payments as they become due
- Non-profits can apply but not churches, agriculture production, gambling, or sin businesses.
- Timeline is expected to take less than a week for approval using the scoring system after a business applies directly online (they will use tax return transcripts as well to verify applications). Targeting 30 days to close.
- They expect 300,000 to 500,000 applications depending on the length of the Corona Virus Crisis and encourage patience.
- Businesses will be required to retain receipts and evidence of what they spent the proceeds on for a period of 3 years and may be subject to SBA Audit to insure only eligible business expenses were paid.
- Everyone is encouraged to apply online at <https://disasterloan.sba.gov/ela> (Be aware with peak times the site may be difficult loading. If this happens check back at off peak times).

For additional information please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.

Please be aware all Georgia Counties were listed in Georgia's disaster deceleration; however, a portion of South Carolina's counties were included in the North Carolina and Georgia deceleration.

CLICK HERE - TO GO TO THE SBA DISASTER APPLICATION WEBSITE AND APPLY ONLINE NOW

CLICK HERE - FOR SBA CORONAVIRUS (COVID-19) DISASTER APPLICATION DETAILS AND OVERVIEW AND APPLICATION INSTRUCTIONS

Please once again distribute this information to all your contacts inside your organization and out so that those businesses being impacted impacted by COVID-19 may benefit from these loans.

For more information on this or our SBA-504 Program contact:

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