

## **COVID-19 SBA Loan Support May be Available for Qualified Health Care Providers**



**(March 25, 2020):** The Small Business Administration (SBA) offers loans to small businesses through community lenders. The SBA acts as guarantor for these loans. In addition to the traditional lending, the SBA is also authorized to offer disaster assistance to businesses, renters, and homeowners who are located in regions with “declared disasters.”<sup>[1]</sup> Small businesses impacted by Coronavirus (COVID-19) are eligible to apply for Disaster Loan Assistance from the SBA.<sup>[2]</sup> As of January 31, 2020, individual states and the District of Columbia have been declared disaster areas.<sup>[3]</sup> These Economic Injury Disaster Loans (Disaster Loans or COVID-19 SBA loans) may be used by businesses to pay “fixed debts, payroll, accounts payable and other bills that can’t be paid because of the disaster’s impact.”<sup>[4]</sup> The SBA may offer up to \$2 million in Disaster Loan assistance with repayment options up to 30 years at an interest rate of no more than 3.75% for small businesses without credit available elsewhere.<sup>[5]</sup> If a business is a major source of employment, then SBA may waive the \$2 million statutory limit.<sup>[6]</sup>

How can you apply for COVID-19 SBA loan? The SBA utilizes a three-step process to administer disaster loans (such as those related to COVID-19 losses). First, an applicant must submit an application for a Disaster Loan. The SBA encourages online applications, but paper forms are available.<sup>[7]</sup> Second, the SBA will review the applicant’s credit and eligibility. Third, the SBA will prepare and send loan closing documents and make an initial disbursement. The initial disbursement for economic injuries is \$25,000.<sup>[8]</sup>

Small businesses must complete several forms and provide the following information to apply for a Disaster Loan / COVID-19 SBA Loan <sup>[9]</sup>:

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***A Disaster Loan Application (SBA Form 5) must be filed.***

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***A Tax Information Authorization (IRS Form 4506T) must be completed and***

***signed by each applicant, each person owning 20 percent or more of the business, each general partner or managing member, and, any owner who has greater than 50 percent ownership in an affiliate business.***

- ***Affiliates include, but are not limited to, business parents, subsidiaries, and / or other businesses with common ownership or management.***

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***The applicant must provide complete copies (including all schedules) of the business's most recent Federal income tax return. An explanation may be submitted if a copy of the income tax return is not available.***

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***A Personal Financial Statement (SBA Form 413) must be completed, signed, and dated by: (1) the applicant, (2) each principal owning 20% or more of the applicant business, and (3) each general partner or managing member.***

Each form requires detailed information and it is critical to accurately complete the forms to avoid delays in processing or requests for additional information. Liles Parker attorneys are available to assist health care providers with the SBA Disaster Loan application process and to answer any other concerns in response to this National Emergency and your possible eligibility for a COVID-19 SBA loan. **For a free consultation, call Ashley Morgan at (202) 298-8750 or toll-free at 1 (800) 475-1906.**

**[An updated article dated March 26, 2020, titled "[Small Business Administration Releases Express Bridge Loan Pilot Program for COVID-19](#)" is available at this [link](#).]**



**Ashley Morgan is a Senior Associate at the health law firm, Liles Parker, PLLC. Ms. Morgan represents health care providers and suppliers around the country in a wide variety of regulatory matters. These include but are not limited to**

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**Medicare revocation, suspension and deactivation actions, prepayment reviews, postpayment claims audits, and State Board licensure matters. Ms. Morgan is also assisting health care providers and suppliers adversely affected by COVID-19 with the completion and submission of SBA business loans. For a free consultation regarding your needs, please give Ms. Morgan a call. She can be reached at (202) 298-8750 or toll-free at 1 (800) 475-1906.**

[1] *Disaster Assistance*, Small Business Administration, <https://www.sba.gov/funding-programs/disaster-assistance> (last accessed Mar. 25, 2020).

[2] *Economic Injury Disaster Loans*, Small Business Administration, <https://disasterloan.sba.gov/ela/Information/EIDLLoans> (last accessed Mar. 25, 2020).

[3] A list of Declared Disasters is available on the SBA website. *Current Declared Disasters*, Small Business Administration, <https://disasterloan.sba.gov/ela/Declarations> (last accessed Mar. 25, 2020).

[4] *SBA to Provide Disaster Assistance Loans for Small Businesses Impacted by Coronavirus (COVID-19)*, Release No. 20-24, Small Business Administration, Mar. 12, 2020, <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-provide-disaster-assistance-loans-small-businesses-impacted-coronavirus-covid-19> (last accessed Mar. 25, 2020).

[5] The interest rate for non-profits is 2.75%. *Id.*

[6] *U.S. Small Business Administration Fact Sheet – Economic Injury Disaster Loans – Texas Declaration #16381: Incident: Coronavirus (COVID-19)*, Small Business Administration, available at: <https://disasterloan.sba.gov/ela/Declarations/DeclarationDetails?declNumber=6064043&direct=false> (last accessed Mar. 25, 2020).

[7] The online application portal for disaster loans, where you can also access paper applications is available [here](#).

[8] *Three Step Process: Disaster Loans*, Small Business Administration, <https://www.sba.gov/sites/default/files/files/Three Step Process SBA Disaster Loans.pdf> (last accessed Mar. 25, 2020).

[9] The SBA Schedule of Liabilities form (SBA Form 2202) may be used to identify all fixed debts to assist applicants in completing these forms.