

# What is an SBA disaster loan?

SBA disaster loans are for small businesses and other organizations to provide bridge funding due to an acute circumstance beyond their control. In the case of the coronavirus crisis, the Economic Injury Disaster Loan program (EIDL) is providing funding in the form of loans up to \$2 million (depending on the needs of the business), with flexible terms based on need and ability to repay.

## SBA disaster loans may be used to cover:

- Fixed debts
- Outstanding invoices
- Employees paychecks
- Business adaptations (delivery, online adaptations, etc.)
- Bills



## SBA disaster loan requirements

### Location

To qualify for an SBA disaster loan you must operate a business located within a declared disaster zone. Check the [SBA's list](#) of areas that have been officially declared disaster zones to determine if you fall in a qualified area.

### Collateral

For loans larger than \$20,000-25,000, it is likely that the lender will insist on some form of collateral to complete the loan process. These loans are designed to be as accessible as possible, so don't be afraid to apply and work with the SBA, even if you have bad credit or lack of collateral.

### Credit requirements

The SBA will perform a routine credit check on all applicants. For those with less-than-stellar credit scores, the SBA will still consider other factors, such as recent income and your history of rent, utilities, insurance, and other payments.

### Repayment

SBA disaster loans require repayment, but terms can be flexible and will be addressed on a case-by-case basis for businesses affected by coronavirus.

# How do I get an SBA disaster loan?

The fastest way to apply for an SBA disaster loan is through their online portal. You will be required to complete the disaster loan application as well as submit IRS Form 4506-T (which gives permission for the IRS to release your tax return to the SBA). Other required documentation can be found here: <https://getdivvy.com/blog/sba-disaster-loan-requirements/>.

Small businesses with credit available elsewhere are not eligible for Economic Injury Disaster Loans under the coronavirus disaster.

## SBA disaster loan terms and rates

Eligible Businesses	Small businesses & private nonprofits
Max Borrowing Amount	\$2,000,000
Term Lengths	Up to 30 years
Interest Rates	3.75% (2.75% for nonprofits)
Fees	N/A

## Key resources

Online application:  
<https://disasterloan.sba.gov/ela/LoanApplication/StartApplication>

Qualifying areas:  
<https://disasterloan.sba.gov/ela/Declarations/Index>

Detailed information on disaster loans:  
<https://getdivvy.com/blog/sba-disaster-loan-requirements/>

