

PUBLICATION

Coronavirus: How Louisiana Businesses Can Apply For SBA Economic Injury Disaster Loans

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On March 17, 2020, Louisiana Governor John Bel Edwards officially requested the Small Business Administration to provide Economic Injury Disaster Loans to all Louisiana parishes. Effective immediately, Louisiana businesses may now apply for these loans.

The application may be submitted online through the SBA's website.

Details about the loan program are as follows:

- Loans may be made in an amount of up to \$2,000,000 per borrower.
- Loans carry an interest rate of 3.75% (2.75% for non-profit organizations).
- Loans are payable over a term of up to 30 years.
- Proceeds of the loans may be used to pay existing fixed debt, employee payroll, accounts payable and other expenses of operation.
- Loans typically take 14-20 days to fund but the SBA is working to shorten that timeframe.
- Collateral is required for all loans over \$25,000, which may include real estate. SBA has said it will not decline a loan for lack of collateral but will require the borrower to pledge collateral that is available.
- Loans cannot be used to refinance long term debt.
- Qualification for relief is available only to small businesses which SBA determines are unable to obtain credit elsewhere. Determining what is a small business is dependent on various revenue and employee considerations and the industry.

Besides the general loan application, businesses (except non-profits) will need to also provide:

- Tax Information Authorization (IRS Form 4506-T), completed and signed by each applicant, each principal owning 20 percent or more of the applicant business, each general partner or managing member and, for 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.
- Complete copies, including all schedules, of the most recent federal income tax returns for the applicant business, or an explanation if not available.
- Personal Financial Statement (SBA Form 413) completed, signed, and dated by the applicant, each principal owning 20 percent or more of the applicant business, and each general partner or managing member.
- Schedule of Liabilities listing all fixed debts (SBA Form 2202).

Non-profit organizations will need to provide, in addition to the loan application:

- A complete copy of the organization's most recent tax return OR a copy of the organization's IRS tax-exempt certification and complete copies of the organization's three most recent years' "Statement of Activities".
- Schedule of Liabilities listing all fixed debts (SBA Form 2202).
- Tax Information Authorization (IRS Form 4506-T), completed and signed for each applicant and for any affiliated entity. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management.

Because this is a fluid situation at the state and federal level, the information is continually evolving. Currently, the SBA disaster loans are direct through the SBA. Traditional SBA loans are still available through lenders. Given SBA bandwidth and processing times, we recommend early application.

For any questions or assistance in applying, please contact [Noah Kressler](#) or [Patrick Willis](#). Also, for more information visit the [Coronavirus \(COVID-19\): What You Need to Know information page](#) on our website.