



Arrow COVID-19 Communication

CA Insurance License 0M56067

Information on COVID-19 Relief Loans

March 20, 2020

While it is necessary to stop the spread of COVID-19, the shelter-in-place measures are already having a devastating impact on businesses who rely on people gathering in public, customers coming into a physical location, or employees working together in-person. Businesses such as restaurants, event planners, and fitness studios are closing their doors due to these restrictions. In attempt to mitigate impact, loan programs for small businesses are being offered by federal, state, and local agencies to provide relief for businesses losing revenue due to the COVID-19 pandemic. Below, please find information on loan programs available to businesses located in California.

Small Business Administration (SBA) Disaster Relief Loans

The SBA is a federal agency that provides both educational and financial resources for small businesses. During disasters such as a fire or flood, the SBA provides Disaster Relief Loans for impacted businesses in amounts ranging between \$5,000 and \$2,000,000. In response to the COVID-19 pandemic, the SBA is providing disaster relief loans to small businesses experiencing a temporary reduction in revenue due to COVID-19. The federal government will be dedicating \$250 billion for disaster relief loans in response to COVID-19.

Loan Features

- Businesses may receive loans for amounts ranging between \$5,000 and \$2,000,000.
- Small business interest rate: 3.75%
- Non-profit interest rate: 2.75%
- Loan repayment may be structured over 30 years.
- Repayment to be deferred for 5 months after approval of the loan.
- Funds may be used for all operating expenses.

Disaster Relief Loan Eligibility

- Your business must qualify as a small business. Business size standards are based on industry. You may check to see if your business qualifies as a small business by visiting <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>.
- Your business has experienced a loss or is projected to experience a temporary loss between January 31, 2020 and December 15, 2020 due to the COVID-19 pandemic.
- Your business has not yet received disaster relief from another public or private lender.

- Any person or entity with an ownership stake of 20% or more will be required to provide a personal guarantee for the loan.
- Your business is currently borrowing less than \$5,000,000 from the SBA.
- Your business must demonstrate that it can repay the debt.

Application Requirements

An SBA loan may be applied for online or by completing a hard copy application form. To apply online, please visit <https://disasterloan.sba.gov/ela/Account/Login>. To access the hard copy application form, please visit [https://disasterloan.sba.gov/ela/Documents/Disaster%20Business%20Loan%20Application%20\(SBA%20Form%205\).aspx](https://disasterloan.sba.gov/ela/Documents/Disaster%20Business%20Loan%20Application%20(SBA%20Form%205).aspx).

The following documentation must accompany your application for a Disaster Relief Loan:

- IRS Form 4506T must be completed for each applicant and each of the applicant's principals owning 20% or more of the business, each general partner or managing member, and any owner who holds more than 50% of an affiliated business. For Form 4506T, please visit <https://www.irs.gov/pub/irs-pdf/f4506t.pdf>.
- At least 3 years of complete federal business income tax returns for the applicant business. If tax returns are not available, an explanation of why the returns are not available may be submitted with profit & loss statements for the last 3 years as a substitute.
- A Personal Financial Statement (SBA Form 413) must be completed by the applicant, each principal owning 20% or more of the applicant business, each general partner, and each managing member. For SBA Form 413, please visit https://www.sba.gov/sites/default/files/forms/SBA_Form_413_7a-504-SBG.pdf.
- A schedule of all liabilities and fixed debt. SBA Form 2202 may be used to create this schedule and can be found at <https://www.sba.gov/document/sba-form-2202-schedule-liabilities>.

Timeline

- Due to expected high volume of loan applications, processing times are expected to be 4-8 weeks.
- Once a loan application is approved, funds will be released within approximately 2-3 weeks.
- SBA will offer a more streamlined application process for loan applications under \$25,000.

Limitations

SBA loans are not available for businesses that are speculative in nature or any businesses that violates federal laws, such as cannabis businesses.

California Disaster Assistance Loan Guarantee

In addition to the SBA, California's Small Business Finance Center (SBCF) partners with privately held financial institutions to guarantee small business loans to help mitigate losses caused by disasters such as the COVID-19 pandemic. These loans are made available when the governor declares a state of emergency. These loans are available to businesses with a maximum 750 employees.

Program Features

- SBCF will guarantee 90% of any small business loan amount up to \$2,500,000.
- SBCF will guarantee loans with up to a 7-year term.
- Funds may be used for repairing or replacing real property, fixtures, machinery, inventory, equipment, and leased improvements.
- Interest rates are negotiated between the applicant and the lender.

For more information about the California Disaster Assistance Loan Guarantee, please visit the Northern California Small Business Development Corporation website at <https://nor-calfdc.org/>.

San Francisco COVID-19 Small Business Resiliency Fund

The City of San Francisco has partnered with the Northeast Community Federal Credit Union to provide relief for San Francisco small businesses experiencing losses in revenue due to COVID-19. San Francisco will provide \$10,000 loans businesses can use to pay for employee salaries and rent.

Loan Eligibility

- Businesses with 1-5 employees.
- Demonstrating a loss of revenue of 25% or more.
- Have less than \$2,500,000 in gross receipts.
- Engaged in activities that are regulated by the City and County of San Francisco and have a license/permit associated to that regulation.

Application Requirements

- All applicants must complete the “COVID-19 Small Business Resiliency Fund Application.” Applications may be accessed at https://oewd.org/sites/default/files/Invest%20In%20Neighborhoods/COVID-19%20Resiliency%20Fund%20Application%20Form_%20v03.11.2020.pdf.
- Proof of payroll costs.
- Proof of a 25% or more revenue loss due to COVID-19.
- A completed and signed IRS W-9.
- Tax returns and financial statements to verify income.