



Arizona Small Business Access to Disaster Relief Loans Related to Coronavirus

On Thursday, March 18, 2020, the United States Government (through its Small Business Administration “SBA”) approved Arizona Governor Doug Ducey’s request to qualify all of Arizona for the SBA’s Economic Injury Disaster Loan program. Small businesses in Arizona may now apply for SBA loans for economic injury incurred as a result of the spread of the Coronavirus, and its related illness COVID-19. The government estimates that up to \$50,000,000,000 will be available under this program.

WHO MAY APPLY?

- Any business otherwise eligible for an SBA loan located in a jurisdiction declared a disaster area as recognized by the United States Small Business Administration¹.
- Business involved in: (i) agriculture; (ii) charity; (iii) gambling; (iv) cannabis; (iv) casino/track betting; (v) religion; and (vi) other excluded businesses,² are not eligible for loans under the SBA disaster relief program

HOW MUCH MONEY MAY BE OBTAINED/TERMS?

- The updated program will allow loans of up to Two Million Dollars (\$2,000,000) for qualifying businesses at a 3.75% interest rate (for-profit businesses). The particular terms of the loan will depend on the business. The repayment terms vary on a case by case basis but can be up to 30 years. Currently the SBA is offering a one-year deferment on any payments.

WHAT MAY THE PROCEEDS BE USED FOR?

- Short terms debts
- Payroll
- Accounts Payable
- Other Bills

HOW TO APPLY / WHAT IS NEEDED TO APPLY?

- To apply a business may go to disasterloan.sba.gov (make sure to only apply for “Economic Loss”) and select the appropriate Arizona County when applying.
- Borrowers will need to complete a loan application and provide: (i) a tax authorization; (ii) tax returns of the business; (iii) schedule of liabilities of the business; (iv) personal financial statements of the owner of the business; and (v) customary financials of the business (balance sheet, income statement, cash flow statement).
- On average, it takes between two and three weeks for the SBA to process and fund an application, but clear-cut applications may be approved quicker.

The attorneys at Jennings, Strouss & Salmon, P.L.C. are ready and available to assist small businesses with applications or other legal needs during this turbulent time. For more information please contact John C. Norling at jnorling@jsslaw.com or Jeremy Jarrett at jjarrett@jsslaw.com, or call the firm at 602-262-5911.

¹ Business may need to demonstrate a lack of availability to acquire other financial assistance.

² Real estate investment companies, companies involved in speculative activities, dealers of rare coins and stamps, companies whose stock trade is money, multi-level marketing companies, and most lobbying firms.