

## Federal COVID-19 Disaster Declaration Makes Economic Injury Disaster Loans (EIDL) Available Due to the Coronavirus (COVID-19) Outbreak

The U.S. Small Business Administration (SBA) is offering low-interest federal disaster loans for **working capital to small businesses suffering substantial economic injury** as a result of the Coronavirus (COVID-19) throughout New York State.

**SBA's Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations**

### Economic Injury Disaster Loan Basics

#### How much can I borrow?

- Eligible entities may qualify for loans **up to \$2 million**.
- The interest rates are **3.75%** for small businesses and **2.75%** for nonprofit organizations.
- Terms **up to 30 years**.
- **Eligibility** for these working capital loans are **based on the size** (must be a small business) **and type of business and its financial resources**.

#### How can I use the loan funds?

- These working capital loans may be used to pay **fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred**. The loans are not intended to replace lost sales or profits or for expansion.

#### What businesses are eligible to apply? (Disaster - NY-0019 effective 1/31/2020)

- **Businesses directly affected by the disaster**
- **Businesses that offer services directly related to the businesses in the declaration**
- **Other businesses indirectly related the industry that are likely to be harmed by losses in their community**

*(Example: Manufacturer of product may be eligible as well as the wholesaler and retailer of the product.)*

### What kinds of small businesses can apply?

- Examples of eligible industries **include but are not limited to:** Hotels, recreational facilities, charter boats, manufacturers, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.

### What other criteria is involved?

- The applicant business must have a **physical presence in the declared disaster area.**
- An applicant's economic presence alone in a declared area does not meet this requirement.
- The physical presence must be tangible and significant.
- Merely having a P.O. Box in the disaster area *would not qualify as a physical presence.*

### What are the collateral requirements?

- Economic Injury Disaster **Loans over \$25,000 require collateral.**
- **SBA takes real estate as collateral when it is available.**
- **SBA will not decline a loan for lack of collateral** but requires borrowers to pledge what is available.

## **Ineligible Entities for Economic Injury Disaster Loans**

### What are some of the businesses that are ineligible for an Economic Injury Disaster Loans?

- Agricultural Enterprises** - If the primary activity of the business (including its affiliates) is as defined in Section 18(b)(1) of the Small Business Act, neither the business nor its affiliates are eligible for EIDL assistance.
- Religious Organizations**
- Charitable Organizations**
- Gambling Concerns** (Ex: Concerns that derive more than 1/3 of their annual gross revenue from legal gambling activities)
- Casinos & Racetracks** (Ex: Businesses whose purpose for being is gambling (e.g., casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of 1/3 criteria above.

## How to Apply

- Applicants may **apply online** using the Electronic Loan Application (ELA) via SBA's secure website at <https://www.sba.gov/funding-programs/disaster-assistance>
- Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800 659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

## Basic Filing Requirements

- **Completed SBA loan application** (SBA Form 5 or 5C)
- **Tax Information Authorization** (IRS Form 4506T) for the applicant, principals and affiliates (see instructions on form, must be signed).  
Complete copies of the **most recent Federal Income Tax Return**.
- **Schedule of Liabilities** (SBA Form 2202).
- **Personal Financial Statement** (SBA Form 413).
- Other Information may also be requested.
- **•Complete copy, including all schedules, of the most recent Federal income tax return for principals, general partners or managing member, and affiliates** (see filing requirements for more information).
- **•If the most recent Federal income tax return has not been filed, a year-end profit-and-loss statement and balance sheet** for that tax year.
- **•A current year-to-date profit-and-loss statement.**
- **•Additional Filing Requirements (SBA Form 1368)** providing monthly sales figures. (especially important for Economic Injury Disaster Loans like these)

## Submit Your Application As Soon As Possible

- **Recheck the filing requirements** to ensure that all the needed information is submitted.
- **The biggest reason for delays in processing is due to missing information.** Make sure to complete all filing requirements before submitting the application and forms.
- **If more funds are needed**, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.
- If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

## The 3 Step Disaster Loan Process

### Step 1:

- Apply: **1) online**; 2) in-person at a disaster center; or 3) by mail.
- Apply online at the SBA's secure website at:  
<https://www.sba.gov/funding-programs/disaster-assistance>.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private non-profit organization you may borrow up to \$2 million for Economic Injury.
- As a small business, you may apply for a maximum business loan (EIDL) of \$2million.

### Step 2:

#### Loss Verified and Loan Processing Decision Made

- SBA reviews your credit before conducting an inspection to verify your losses.
- An SBA verifier will estimate the total economic loss to your disaster damaged business.
- A loan officer will determine your eligibility during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination. The goal is to arrive at a decision on your application within 2-3 weeks.
- A loan officer will contact you to discuss the loan recommendation and your next steps. You will also be advised in writing of all loan decisions.

### Step 3:

#### Loan Closed and Funds Disbursed

- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once they receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days: (Economic injury- (working capital): \$25,000)
- A case manager will be assigned to work with you to help you meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected costs or reducing the loan due to additional insurance proceeds.