



**Division of Small Business  
& Technology Development**

# **COVID-19 SBA Disaster Loans**

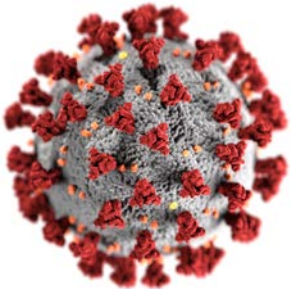
**Empire State Development**

**A Division of Empire State Development**

3/20/2020

# 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.**



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# 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.



# Economic Injury Disaster Loan Basics - Continued

What businesses are eligible to apply? (Disaster - NY-00197 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.)*



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# Economic Injury Disaster Loan Basics - Continued

## 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.



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# 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://disasterloan.sba.gov/ela>.
- Paper loan applications can be downloaded from [www.sba.gov/disaster](http://www.sba.gov/disaster). Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.
- 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).



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# 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.

**Although a paper application and forms are acceptable, filing electronically is easier, faster and more accurate.**



# Additional Filing Requirements

## Other information that may 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)

U. S. Small Business Administration  
08/01/2012  
OMB No. 3245-0047  
Revision: Dec 07/12/11

**ADDITIONAL FILING REQUIREMENTS  
ECONOMIC INJURY DISASTER LOAN (EIDL) AND  
MILITARY RESERVIST ECONOMIC INJURY DISASTER LOAN (MREIDL)**

An EIDL is a loan to provide working capital that is unavailable from other sources, as determined by the U. S. Small Business Administration (SBA), for an eligible business to address immediate and long-term needs of the business disaster loan applicant.

1. A BUSINESS is listed as operating under a loan that is available from other sources, as determined by the SBA, for an eligible business to address immediate and long-term needs of the business disaster loan applicant, as a result of a wildfire and/or other disaster where have passed

2. The applicant must be a small business or small agricultural operation, as defined in SBA's published size standards, or an eligible person (no greater than 10% of an SBA).

3. The applicant must be established by the Federal government, State or authorized state or a direct result of the Federal government. Additional questions may generally apply to disaster loans that are not applicable to a wildfire disaster. The applicant must be a small business or small agricultural operation, as defined in SBA's published size standards, or an eligible person (no greater than 10% of an SBA).

**PROVIDE THE FOLLOWING INFORMATION IN ADDITION TO THE REQUIREMENTS ON THE SBA Form 1368**

**MONTHLY SALES FIGURES**

Provide monthly sales figures for the current year and the prior year for the disaster and preceding 12 months. Enter the amount for each month. Do not include sales for the month of January for the current year.

Month	Prior year	Prior year	Prior year	Current year	to date

Total sales for the current year: \_\_\_\_\_  
Total sales for the prior year: \_\_\_\_\_

PLEASE PRINT NAME AND ADDRESS, NUMBER AND CITY OF BUSINESS ESTABLISHMENT. INCLUDE ZIP CODE. MAIL TO: SBA, 401 MONTGOMERY AVENUE, SUITE 3000, SILVER SPRING, MD 20910.

CONTINUED ON REVERSE

# 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.



# Free Assistance

Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from :

SBA Small Business Development Centers (SBDC): <http://nysbdc.org/appointment.html>

Entrepreneurship Assistance Centers (EAC):

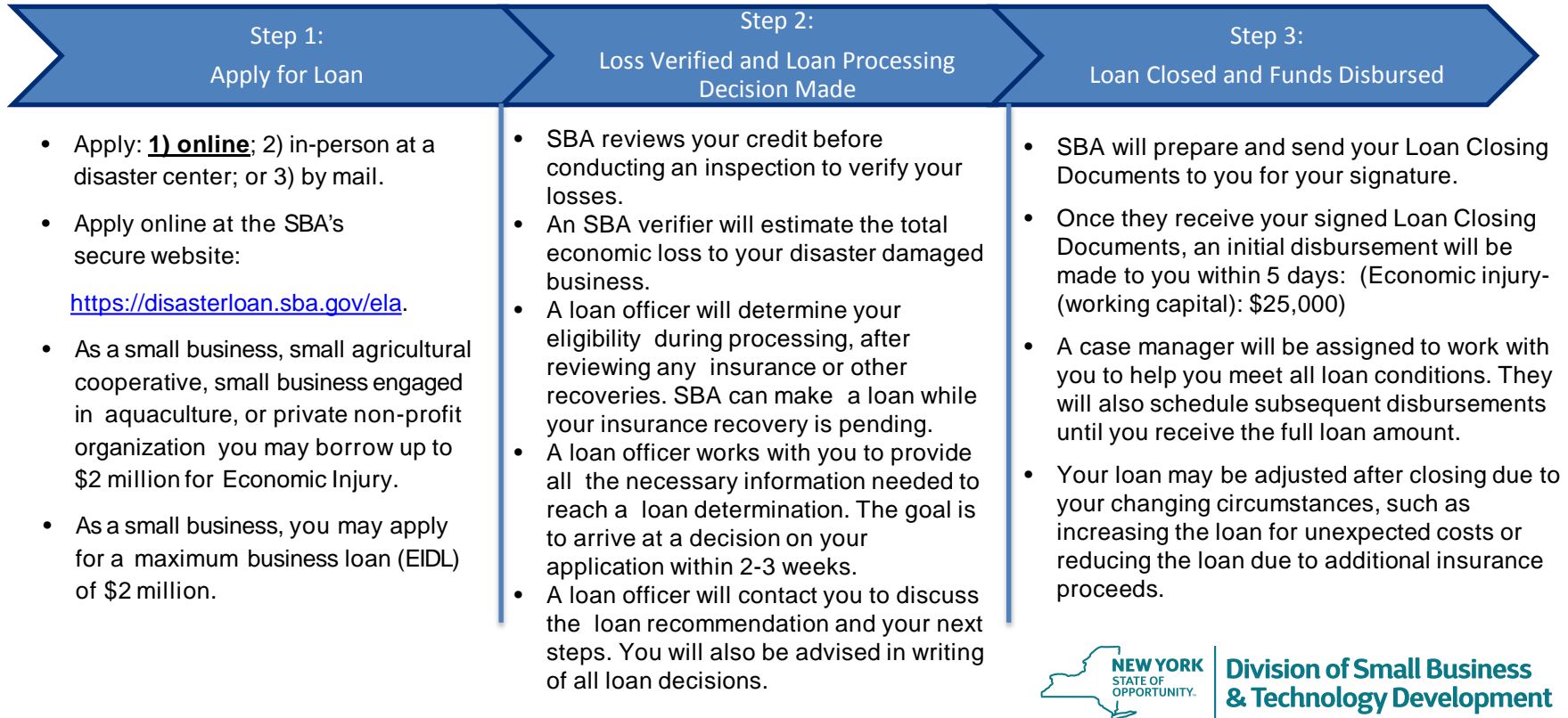
<https://esd.ny.gov/entrepreneurship-assistance-centers>

ESD Small Business Division: <https://esd.ny.gov/doing-business-ny/small-business-hub>

For the SBA nearest office, visit: <https://www.sba.gov/local-assistance>



# The 3 Step Disaster Loan Process



# How are Working Capital Loans Different from Other SBA Loans?

- SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.
- **Applicants do not go through a bank to apply.** Instead apply directly to SBA's Disaster Assistance Program at: <https://disasterloan.sba.gov>
- **There is no cost to apply.**
- There is **no obligation to take the loan if offered.**
- The **maximum unsecured loan amount is \$25,000.**
- Applicants **can have an existing SBA Disaster Loan** and still qualify for an EIDL for this disaster, but the loans cannot be consolidated.



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Together we will survive.

Thank you for supporting Small Businesses in New York State.

