



**Division of Small Business
& Technology Development**

COVID-19 SBA Disaster Loans

Empire State Development

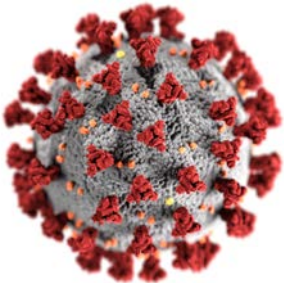
A Division of Empire State Development

4/6/2020

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, sole proprietors, independent contractors, small agricultural cooperatives, Tribal businesses, small aquaculture businesses, and most private non-profit organizations including faith-based 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**.
- Loans have **no personal guarantee requirements on amounts below \$200,000**.

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.*



Emergency EIDL Grants

As part of the CARES Act (signed 3/27/2020):

Borrowers can receive a \$10,000 emergency grant cash advance that can be forgiven if spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments or repaying obligations that cannot be met due to revenue losses.

- Recognizing that the EIDL approval process can be as long as a month or more, the CARES Act provides that businesses whose applications are submitted between January 31 and December 31, 2020 can receive an advance of up to \$10,000 within 3 days after the SBA receives the application. These advances are available only for applications related to COVID-19. To be eligible for an emergency EIDL grant, an applicant must be eligible to receive an EIDL and have been in operation since January 31, 2020, when the COVID-19 public health crisis was announced.

NOTE: Any emergency EIDL advance received by a borrower who subsequently receives a Paycheck Protection Program loan will be subtracted from the calculation of the loan forgiveness amount of that program.



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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.
- **Charitable Organizations** - only those not exempt under 501(c) or certain (d) or (e) exceptions
- **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 **NEW STREAMLINED loan application** via SBA's secure website at <https://covid19relief.sba.gov/#/>
- The online application process is estimated to take two hours and ten minutes (or less) and is **processing is significantly faster than applying by mail.**
- 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.
- Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.



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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 for Preparing Applications

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):

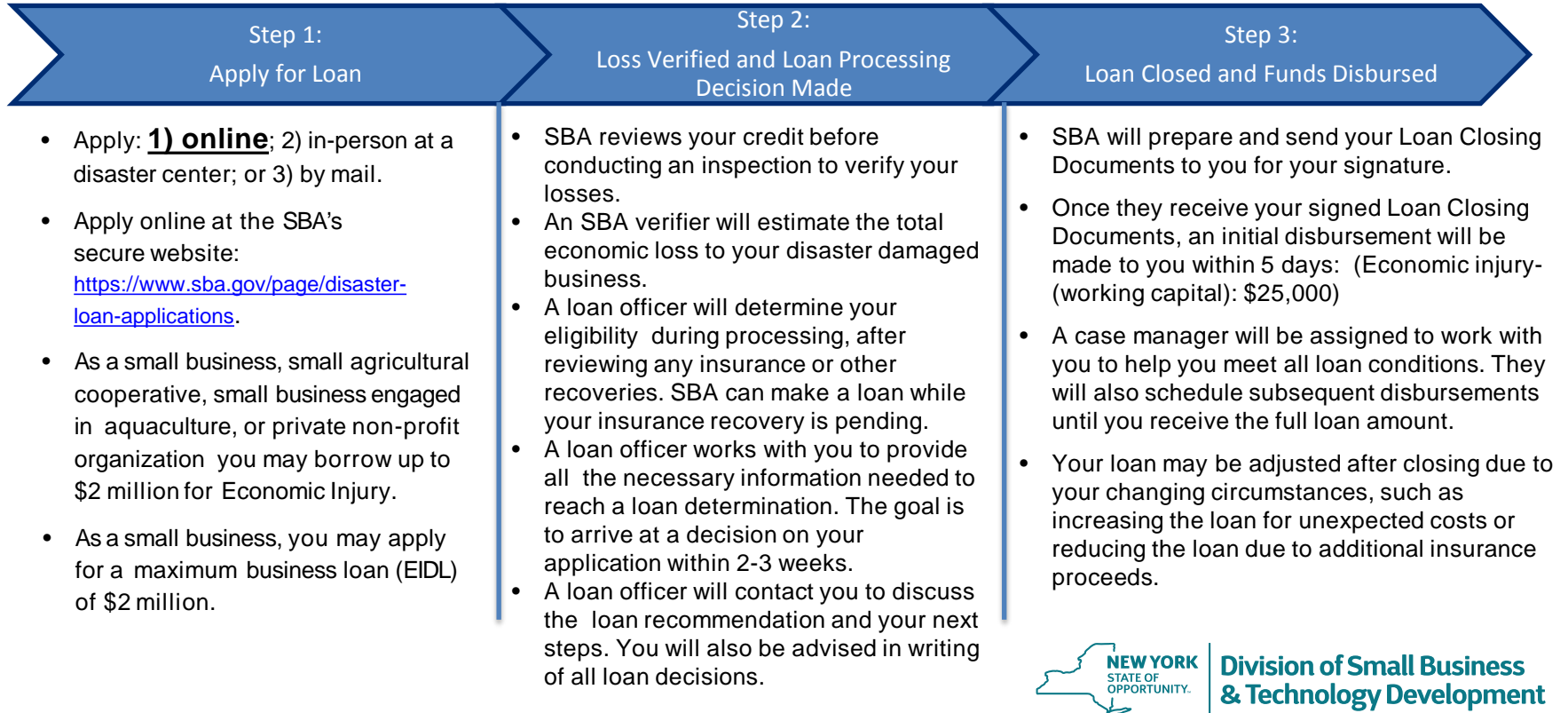
<https://esd.ny.gov/sites/default/files/EAC%20Contact%20List.pdf>

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



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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://covid19relief.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.

