

## SBA's Economic Injury Disaster Loan

March 21, 2020 | **CLIENT ALERTS**

In these extraordinary times, the team at Lippes Mathias Wexler Friedman strives to keep all of our clients updated on the ever-shifting business landscape. One potential opportunity for businesses impacted by the COVID-19 pandemic is the SBA's Economic Injury Disaster Loan.

**Which businesses will qualify?** All counties for which a declaration of emergency has been issued, which includes all of New York State (visit here for the updated listing as they are changing by the hour: <https://disasterloan.sba.gov/ela/Declarations>). In these designated areas, small businesses (see <https://www.sba.gov/size-standards/> for size standards) and nonprofits of any size that have suffered economic injury from COVID-19 and that the SBA is reasonably assured will be able to repay loans from personal or business cash flow.

**Which businesses are excluded?** Businesses primarily engaged in lending, speculation or investment, gambling activities, loan packaging, religious teaching, political or lobbying activities. A business may also be disqualified if a principal is incarcerated, convicted of certain felonies, delinquent on child support payments, etc.

**What is being offered?** Loan up to \$2,000,000 with 3.75% interest (2.75% for nonprofits) with flexible long-term repayment plans of up to 30 years.

### What now?

If your business is feeling the financial impact of COVID-19 then you should take the following steps:

- Begin documenting the economic impact that COVID-19 has had on your business (be as detailed as possible);
- Assemble the following documents:
  - Tax returns for 2018 and 2019 for your business;
  - Tax returns for 2018 (and 2019 if filed) for all owners of 20% or more of your business;
  - Basic financial statements for your business for 2019 and prior;
  - Basic financial statements for your business year to date;
  - Basic financial statements for all owners of 20% or more of your business for 2019;
  - Credit information for all owners of 20% or more of your business; and
  - Current debt obligations for the business and any existing liens.

**New York:** Albany, Buffalo, Clarence, Long Island, New York City, Rochester, Saratoga Springs // **Florida:** Jacksonville // **Illinois:** Chicago  
**Ohio:** Cleveland // **Oklahoma:** Oklahoma City // **Ontario:** Greater Toronto Area // **Texas:** San Antonio // **Washington, D.C.**

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