



U.S. Small Business  
Administration

## SBA Disaster Assistance in Response to the Coronavirus

- The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19).
- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on our website: [SBA.gov/disaster](https://www.sba.gov/disaster).
- SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.
- For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).
- Visit [SBA.gov/disaster](https://www.sba.gov/disaster) for more information.



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## U.S. SMALL BUSINESS ADMINISTRATION FACT SHEET – ECONOMIC INJURY DISASTER LOANS

### NEW YORK Declaration 16346

(Disaster: NY-00197)

Incident: **CORONAVIRUS (COVID-19)**

occurring: January 31, 2020 & continuing

*All counties within the State of New York; the contiguous Connecticut counties of: **Fairfield and Litchfield**; the contiguous Massachusetts county of: **Berkshire**; the contiguous New Jersey counties of: **Bergen, Hudson, Passaic and Sussex**; the contiguous Pennsylvania counties of: **Bradford, Erie, McKean, Pike, Potter, Susquehanna, Tioga, Warren and Wayne**; and the contiguous Vermont counties of: **Addison, Bennington, Chittenden, Grand Isle and Rutland***

**Application Filing Deadline: December 21, 2020**

#### **Disaster Loan Assistance Available:**

Economic Injury Disaster Loans (EIDLs) – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

#### **Credit Requirements:**

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay the loan.
- Collateral – Collateral is required for all EIDL loans over \$25,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available.

#### **Interest Rates:**

The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this program is 3.750 percent.

#### **Loan Terms:**

The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.

#### **Loan Amount Limit:**

The law limits EIDLs to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

#### **Loan Eligibility Restrictions:**

Noncompliance – Applicants who have not complied with the terms of previous SBA loans may not be eligible. This includes borrowers who did not maintain required flood insurance and/or hazard insurance on previous SBA loans.

**Note:** Loan applicants should check with agencies / organizations administering any grant or other assistance program under this declaration to determine how an approval of SBA disaster loan might affect their eligibility.

#### **Refinancing:**

Economic injury disaster loans cannot be used to refinance long term debts.

#### **Insurance Requirements:**

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance. SBA requires that flood insurance coverage be the lesser of 1) the total of the disaster loan, 2) the insurable value of the property, or 3) the maximum insurance available.

Applicants may apply online, receive additional disaster assistance information and download applications at <https://disasterloan.sba.gov/ela>. Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) for more information on SBA disaster assistance. Individuals who are deaf or hard-of-hearing may call (800) 877-8339. Completed applications should be mailed to U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

## FREQUENT ASKED QUESTIONS

Q: What types of businesses are eligible to apply?

A: Small Businesses, small Agricultural Cooperatives, small aquaculture businesses and most private non-profit organizations who have a physical presence in the declared disaster area that have been directly affected by the disaster.

Q: What is the definition of a small business under this program?

A: Businesses with 100 or less employees or manufacturers with 500 or less. The SBA size standards show by NAICS code for each type of business:

<https://www.sba.gov/size-standards>

Q: How much can I borrow?

A: Businesses may qualify for loans up to \$2 million. Eligibility is based on the size and type of business.

Q: What are the loan interest rates?

A: The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.

Q: How can I use loan funds?

A: Loan funds can be used as working capital to pay fixed debts, payroll, accounts payable and other bills that could have been paid had the disaster not occurred

Q: What is fixed debt?

A: Fixed debt is a permanent debt, or a debt continuing for an extended period.

Q: How long do I have to submit my loan documents?

A: Submit your application as soon as possible. Applications can be submitted at <https://disasterloan.sba.gov/ela/Information/ApplyOnline>

Q: How can I get assistance with my SBA application?

A: NYS Small Business Development Centers (SBDC) and NYS Entrepreneurship Assistance Centers (EAC) and can assist small businesses with the application. For more information:

SBDC: <http://nysbdc.org/appointment.html>

EAC – please click on link on website for contact information

Q: As a small business, what documents would I need to submit to prove my business suffered economic injury as a result of the Coronavirus?

A: Substantial economic injury occurs when a business concern is unable to meet its obligations as they mature or to pay its ordinary and necessary operating expenses. Establishing economic injury is a comparison between the financial information from the period in the prior year to the injury period of the current year (this period must be associated to the disaster and cannot be attributed to a downturn in local economy or other unrelated issues. The loans are not intended to replace lost sales or profits, rather they are intended to pay fixed debts, payroll, accounts payable, and other expenses that could have been paid had the disaster not occurred.

Q: How can a business owner document physical presence in the declared disaster area?

A: An applicant's must show that they have tangible presence such as lease, property address, property tax receipt. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.

Q: What are the repayment terms of the loan?

A: SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

Q: Will someone notify an application if information is missing from an application?

A: A SBA 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.

Q: How will the business owner know if the loan request has been approved?

A: 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.

Q: How quickly can a loan application move to closing and loan funds be disbursed?

A: Timing depends on the completeness of the application. A SBA loan officer will work 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. If approved, the 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 for Economic injury-working capital of \$25,000). A SBA 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.

Q: What if my circumstances change and I need more money than I originally applied for?

A: Your SBA 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. Please contact your SBA case manager for more details.

Q: What if I have an existing SBA Disaster Loan?

A: Applicants can have an existing SBA Disaster Loan and still qualify for an Economic Injury Disaster Loan for this disaster, but the loans cannot be consolidated.

Q: What happens if a loan request is denied?

A: 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.