

SBA COVID-19 Economic Injury Disaster Loans Now Available in All U.S. States and Territories

UPDATE: [CARES Act Provides Additional Relief for Businesses](#)

The U.S. Small Business Administration (SBA) recently announced that it is offering low-interest Economic Injury Disaster Loans (EIDLs) of up to \$2 million to small businesses who have suffered a substantial economic injury as a result of the COVID-19 disaster. EIDL applications are now open to small businesses in all U.S. states and territories.

EIDLs will have a rate of 3.75 percent for small businesses, with long-term repayment options (up to 30 years) based on the borrower's ability to repay. EIDL funds may be used for general working capital purposes including fixed debts, payroll and other expenses causing shortfalls because of lost revenue from COVID-19.

To be eligible for an EIDL, a business must:

- Be a small business at the time of the disaster declaration;
 - The date of the disaster declaration will vary by applicable state.
 - The SBA's definition of "small business" is based on annual receipts or number of employees and varies by industry. Use the SBA [size standards tool](#) for determining the applicable standards for your business.
- Have suffered a substantial economic injury (this means that the business must be unable to pay its operating expenses and other obligations as they become due--lost sales or revenues alone are not sufficient);
- Have used all reasonably available funds of the business, any affiliates and any owners of 20 percent or more of the business (the SBA defines an "affiliate" as an entity which controls or is controlled by the business, or which, along with the business is under common control by a third party or parties); and
- Be unable to obtain credit elsewhere (this means that the business is unable to obtain financing from non-federal sources on reasonable terms).

For loans larger than \$25,000, the SBA generally requires that a security interest

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in personal or business property be provided as collateral. The SBA may decline your loan application if you refuse to pledge available collateral when requested by the SBA. However, if the SBA is reasonably sure that you can repay your loan, it will not decline the loan solely because you lack certain collateral.

While you may submit a paper application, the online application is the fastest method to receive a decision about your loan eligibility.

During the online application process, you'll be required to submit the following documentation and forms:

- Complete copies of most recent federal income tax returns (if your 2019 return hasn't yet been filed, you'll need to submit a year-end profit loss statement and balance sheet)
- Current year-to-date profit loss statement
- Complete copies of any affiliates' most recent federal tax returns
- [Form 5](#) (Disaster Loan Application)
- [Form 413](#) (Personal Financial Statement)
- [Form 1368](#) (Monthly Sales Figures)
- [Form 2202](#) (Schedule of Liabilities)
- [Form 4506T](#) (Request for Tax Transcript)

We are pleased to help you in any way to determine your eligibility and begin the application process. If your small business is being affected by the coronavirus, please call your Reinhart attorney.

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