

SBA's Economic Injury Disaster Loan

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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, Syracuse // **Florida:** Jacksonville, West Palm Beach
Illinois: Chicago // **Ohio:** Cleveland // **Oklahoma:** Oklahoma City // **Ontario:** Greater Toronto Area // **Texas:** San Antonio // **Washington, D.C**

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