

Small Business Loans May Be Available to Entities Impacted by COVID-19

In the wake of the coronavirus pandemic, the U.S. Small Business Association (SBA) announced that it will provide economic injury disaster loans for coronavirus related economic disruptions. Eligible entities may qualify for loans for up to \$2 million with a fixed interest rate of 3.75% for small businesses and 2.75% for nonprofit organizations with terms up to 30 years. Eligibility is based on the size and type of business and its financial resources. There is no cost to apply and no obligation to take the loan if offered.

SBA's Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses, and most private non-profit organizations whose businesses are (1) physically located in a declared county disaster area and (2) who suffer working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons. These types of businesses include: hotels, recreational facilities, sports vendors, owners or rental property, restaurants, retailers, souvenir shops, travel agencies, wholesalers, charter boats, manufacturers and other types of businesses that Governor Cuomo and local governments have ordered to close. Entities that apply must have a credit history acceptable to the SBA and show that they have the ability to repay any SBA loans.

Loan proceeds may be used to pay fixed debts, payroll, accounts payable and other bills that could or would likely have been paid had the coronavirus pandemic not occurred. These loans are not intended to replace lost sales, lost profits or to fund expansion projects. In addition, loans over \$25,000 require collateral, but the SBA will not decline a loan for lack of collateral, only requiring borrowers to pledge what is available, including real estate.

The attorneys at Bond, Schoeneck & King can help you determine if your business qualifies for an SBA Disaster Loan and assist with the application process. Please contact [Jeffrey B. Scheer](#), any of the [attorneys](#) in the [Business and Transactions Practice Group](#) or the attorney at the firm with whom you are regularly in contact.



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