

# Small Business Technology Development Centers

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Contact the North Carolina SBTDC near you for assistance in developing your overall continuity plan. Our organization has been helping small and mid-size business in NC for 35 years. Our counseling staff can help you:

- \*Assess the financial impact on your business
- \*Develop strategies for your business continuity and recovery
- \*Analyze your cash flow
- \*Evaluate options with creditors
- \*Prepare SBA economic injury loan application – should these become available.

## CDC GUIDANCE FOR BUSINESSES & EMPLOYERS

Health and government officials are working together to maintain the safety, security, and health of the American people. Small businesses are encouraged to do their part to keep their employees, customers, and themselves healthy. The Centers for Disease Control and Prevention (CDC) offers the most up-to-date information on COVID-19. This interim guidance is based on what is currently known about the coronavirus disease 2019 (COVID-19). For updates from CDC, please see the following:

Interim Guidance for Businesses and Employers to Plan and Respond to Coronavirus Disease 2019 (COVID-19)

## COMMON ISSUES SMALL BUSINESSES MAY ENCOUNTER

Workforce Capacity – Pandemics have just as much impact on your workers as they do your customers. It's critical to ensure they have the ability to fulfill their duties while protected.

Planning – As a business, bring your staff together and prepare a plan for what you will do if the COVID-19 situation worsens or improves.

Changing Market Demand – Access controls or movement restrictions might impede your customers from reaching your business. Additionally, the public may decide not to go to your business out of concern of exposing themselves to greater risk.

Marketing – It's critical to communicate openly with your customers and vendors about the status of your operations, what protective measures you've implemented, and how they (as customers) will be protected when they visit your business. Promotions may also help incentivize customers who may be reluctant to patronize your business.

Inventory and Supply Chain Shortfalls – It is prudent to ensure you have either adequate supplies of inventory for a sustained period and/or diversify your distributor sources in the event one supplier cannot meet an order request. Over communicate with your vendors.

Facility Remediation/Clean-up Costs – Protect customers and staff by increasing the frequency and intensity by which your business conducts cleaning of surfaces frequently touched by occupants and visitors. Check your maintenance contracts and supplies of cleaning materials to ensure they can meet increases in demand.

Insurance Coverage Issues – Many businesses have business interruption insurance; Now is the time to contact your insurance agent to review your policy to understand precisely what you are and are not covered for in the event of an extended incident.

Capital Access – Pandemics like COVID-19 can strain a small business's financial capacity to make payroll, maintain inventory and respond to market fluctuations (both sudden drops and

# SBA's Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

The U.S. Small Business Administration (SBA) 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 provide by the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.



*Administrator Jovita Carranza*

# SBA's Economic Injury Disaster Loan Basics

## What businesses are eligible to apply?

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

## This includes:

- Businesses directly affected by the disaster
- Businesses that offer services directly related to the businesses in the declaration
- Other businesses indirectly related the industry that are likely to be harmed by losses in their community  
(Example: Manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product.)

# SBA's Economic Injury Disaster Loan Basics

## What is the criteria for a loan approval?

Credit History-Applicants must have a credit history acceptable to SBA.

Repayment –SBA must determine that the applicant business has the ability to repay the SBA loan.

Eligibility- The applicant business must be physically located in a declared county and suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.



# SBA's Economic Injury Disaster Loan Terms

## How much can I borrow?

Eligible entities may qualify for loans up to \$2 million.

The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.

Eligibility for these working capital loans are based on the size (must be a small business) and type of business and its financial resources.

## How can I use the loan funds?

These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.

# Economic Injury Disaster Loan Terms



## What are the collateral requirements?

- Economic Injury Disaster Loans over \$25,000 require collateral.
- SBA takes real estate as collateral when it is available.
- SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available.



# SBA's Economic Injury Disaster Loan Basics

## What kinds of small businesses can apply?

Examples of eligible industries include but are not limited to the following: hotels, recreational facilities, charter boats, manufactures, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.



## What other criteria is involved?

The applicant business must have a physical presence in the declared disaster area. An applicant's economic presence alone in a declared area does not meet this requirement. The physical presence must be tangible and significant. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.

# SBA's Working Capital Loans are Different from Other SBA Loans

SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.

Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at: [DisasterLoan.sba.gov](https://DisasterLoan.sba.gov)

There is no cost to apply.

There is no obligation to take the loan if offered.

The maximum unsecured loan amount is \$25,000.

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

# Basic Filing Requirements

- Completed SBA loan application (SBA Form 5 or 5C).
  - Tax Information Authorization (IRS Form 4506T) for the applicant, principals and affiliates.
  - Complete copies of the most recent Federal Income Tax Return.
  - Schedule of Liabilities (SBA Form 2202).
  - Personal Financial Statement (SBA Form 413).
- Other Information may also be requested.

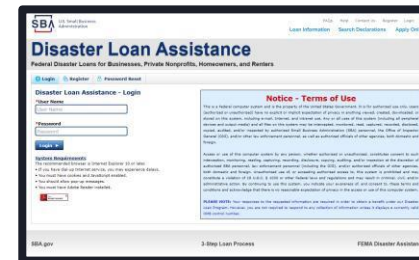
*\*Although a paper application and forms are acceptable, filing electronically is easier, faster and more accurate.*

The image shows the top portion of SBA Form 5, titled "U.S. Small Business Administration Disaster Business Loan Application". It includes fields for "FOR SBA INTERNAL USE ONLY", "Date Received", "Location", "Filing Deadline Date", and "Filing Application Number". Below these are checkboxes for "Physical Damage" and "Economic Injury". There are also sections for "PLEASE PROVIDE ALL INFORMATION OR DOCUMENTATION REQUESTED IN THE ATTACHED FILING REQUIREMENTS" and "APPLY ONLINE OR BY MAIL". The form is divided into sections for "BUSINESS INFORMATION" and "BUSINESS LEGAL NAME".The image shows the top portion of SBA Form 5C, titled "U.S. Small Business Administration Disaster Home / Sole Proprietor Loan Application". It includes fields for "FOR SBA INTERNAL USE ONLY", "Date Received", "Location", "Filing Deadline Date", and "Filing Application Number". Below these are checkboxes for "Physical Damage" and "Economic Injury". There are also sections for "PLEASE PROVIDE ALL INFORMATION OR DOCUMENTATION REQUESTED IN THE ATTACHED FILING REQUIREMENTS" and "APPLY ONLINE OR BY MAIL". The form is divided into sections for "BUSINESS INFORMATION" and "BUSINESS LEGAL NAME".

# Additional Filing Requirements

## Other information that may be requested:

- Complete copy, including all schedules, of the most recent Federal income tax return for principals, general partners or managing member, and affiliates (see filing requirements for more information).
- If the most recent Federal income tax return has not been filed, a year-end profit-and-loss statement and balance sheet for that tax year .
- A current year-to-date profit-and-loss statement.
- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures. **(This is especially important for Economic Injury Disaster Loans.)**



# Ineligible Entities

## What are some of the businesses that are ineligible for an Economic Injury Disaster Loan?

- Agricultural Enterprises -If the primary activity of the business (including its affiliates) is as defined in Section 18(b)(1) of the Small Business Act, neither the business nor its affiliates are eligible for EIDL assistance.
- Religious Organizations
- Charitable Organizations
- Gambling Concerns (Ex: Concerns that derive more than 1/3 of their annual gross revenue from legal gambling activities)
- Casinos & Racetracks (Ex: Businesses whose purpose for being is gambling (e.g., casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of 1/3 criteria above.



# How to Apply

**SBA's Customer Service Representatives are ready to serve.**

- Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>.
- Paper loan applications can be downloaded from [www.sba.gov/disaster](http://www.sba.gov/disaster). Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.
- Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

# Assistance From SBA Partners

Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA's partners: Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBC), and Veteran's Business Outreach Centers and local Chambers of Commerce.

For the nearest office, visit: <https://www.sba.gov/local-assistance>

# Submit Your Application As Soon As Possible

Recheck the filing requirements to ensure that all the needed information is submitted.

The biggest reason for delays in processing is due to missing information. Make sure to complete all filing requirements before submitting the application and forms.

If more funds are needed, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.

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.



# Any Questions?



More information concerning  
SBA and its programs  
visit our website at:  
[www.sba.gov/disaster](http://www.sba.gov/disaster)