



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). All 64 Colorado counties have been advanced by Governor Jared Polis for inclusion in the U.S. Small Business Administration Economic Injury Disaster Loan Program. We are still awaiting final approval from SBA and will share updates once we know more. Until then, here is how you can prepare.

### **ELIGIBLE ENTITIES:**

- Applicants must meet the SBA requirements of a small business (500 employees or fewer)
- Businesses directly affected by COVID-19
- 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)

### **INELIGIBLE ENTITIES:**

- 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 that 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.
- Cannabis Industry

### **LOAN APPROVAL CRITERIA:**

- 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.

### **HOW MUCH YOU CAN 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 THE FUNDS CAN BE USED:**

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. Funds cannot be used to pay down long-term debt.

**WHAT IS NEEDED TO APPLY:**

- Completed SBA loan application (SBA Form 5).
- 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).
- Income, balance sheet, and cash flow documents.
- Other Information may also be requested.

**WHEN COLORADO WILL BE ELIGIBLE:**

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