

SBA Names NJ a “Declared Disaster State” Opens Door for Businesses to Receive Disaster Relief Funding

WASHINGTON, DC - The Small Business Administration (SBA) has named New Jersey a [declared disaster state](#) in the wake of the Coronavirus pandemic. This declaration will allow New Jersey small business owners impacted by COVID-19 to apply for SBA Economic Injury Disaster Loans (EIDLs) that provide financial assistance to help support their businesses. EIDLs are working capital loans to help small businesses, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of a disaster (such as the coronavirus pandemic). These loans are intended to assist through the disaster recovery period.

Applicants must have a credit history acceptable to SBA and must show the ability to repay the loan, according to [SBA Disaster Loan Guidelines](#). Collateral is required for all EIDL loans over \$25,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge collateral that is available. The interest rate is determined by formulas set by law and is fixed for the life of the loan with the maximum interest rate set at 3.75%. The law limit EIDL amounts to \$2,000,000, and the actual amount of each loan is limited to the economic injury determined by SBA (less business interruption insurance and other recoveries up to the administrative lending limit). Applicants who have not complied with the terms of previous SBA loans may not be eligible. Economic injury disaster loans cannot be used to refinance long term debts.

U.S. Rep Bonnie Watson Coleman (NJ-12), whose district covers most of Scotch Plains and Fanwood, applauded the SBA's acceptance of New Jersey's disaster declaration. New Jersey businesses hit hard economically by the coronavirus now are eligible to apply for SBA disaster assistance loans with deferred repayment and low interest rates.

"We're focused on the health and wellbeing of Americans in this crisis, and until we're able to ensure people continue to get paychecks, that they can make it from the first of the month to the end of the month," said Watson Coleman. "I'm thrilled to see both sides of the aisle coalescing around plans like direct payments - and I hope that energy remains once we're past this - but we need our small businesses to keep employees on payroll. We need them to be able to open their doors again when it's safe to do so. That's what these loans will help them do."

SBA disaster loans provide working capital to companies suffering substantial economic injury as a result of the Coronavirus (COVID-19) with funds available through the Coronavirus Preparedness and Response Supplemental Appropriations Act. For more information about SBA's disaster assistance loan program, [click here](#).

If a company does not meet SBA's qualification requirements or if a business owner needs money very quickly, apply to an online lender, such as small business funding marketplace [Biz2Credit](#), which has set up a [Coronavirus Disaster Loan Assistance](#) page.