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SBA Small Business Economic Injury Disaster

Small businesses and nonprofits in all 50 states who have experienced a “substantial economic injury” from the COVID19 shutdowns can now apply for an SBA Small Business Economic Injury Disaster Loan (“EIDL”). Guidance from the SBA is ongoing and likely to evolve, so please contact your local SBA representative or your contact at Crowley Fleck for the most up to date information. We are available to answer any questions or help our clients and neighbors in any way we can in these challenging times.

EIDL Program Snapshot: Under the EIDL program:

- Loans up to \$2,000,000 are available
- Interest rates are capped at 3.75%
- Repayment terms of up to 30 years
- Payments are deferred through the end of the year
- These are full recourse loans (requiring guaranties from all owners of more than 20%)
- Loans in excess of \$25,000 require collateral (value does not need to exceed the loan amount but there needs to be some first lien collateral available)

More Specific Parameters: Below is a short summary of certain applicable size standards, organized by common larger industries (as broken down by the North Atlantic Industry Classification System Code (NAICS) for the business’s industry/work). The rules regarding size are subject to change and vary by region, so a business should not rule itself out of this program based on this summary. There also are special rules on affiliation, control, etc. If you have questions on small business size and status requirements, please reach out to your contact at Crowley Fleck or your local SBA representative.

- **Agriculture:** Maximum of \$750,000 in average receipts.
- **Utilities:** Maximum number of employees ranges from 250 (for renewable electric power generation subsectors) to 1,000 (for electric power and natural gas distribution businesses).
- **Manufacturing:** Maximum number of employees ranges from 500 to 1,500 (with approximately 27% of all manufacturing businesses having a maximum employee cap at 500 employees).
- **Wholesale Trade:** Maximum number of employees ranges from 100 to 250.

- **Retail Trade:** For one-third of all retail trade sub-industries, size standards are set at \$7.5 million in average annual receipts. Other industries are defined by 100 to 500 employee maximums.
- **Transportation and Warehousing:** Maximum number of employees ranges from 500 to 1,500. Some sub-industries in transportation and warehousing are defined by a range of \$7.5 million to \$37.5 million in average annual receipts.
- **Information:** Maximum number of employees ranges from 500 to 1,500, depending on the sub-industry. The maximum average annual receipts for this industry ranges from \$7.5 million to \$38.5 million.
- **Finance and Insurance:** A maximum of 1,500 employees (for direct property and casualty insurance carriers), and a maximum in average annual receipts ranging from \$32.5 million to \$38.5 million.
- **Real Estate, Rental, and Leasing:** A maximum of \$7.5 million to \$32.5 million in average annual receipts.
- **Professional, Scientific, and Technical Services:** A maximum of \$7.5 million to \$20.5 million in average annual receipts, or a maximum of 1,000 to 1,500 employees.
- **Health Care and Social Assistance:** A maximum of \$7.5 million to \$38.5 million in average annual receipts.
- **Restaurants and Bars:** A maximum of \$8 million in average annual receipts.
- **Hotels and Motels (not bed and breakfast) and Casinos:** A maximum of \$35 million in average annual receipts.

Many resources are available on the SBA website (www.sba.gov). Businesses can apply online for this program at the following website <https://www.sba.gov/funding-programs/disaster-assistance>.

Guidance for Businesses with Existing SBA Loans: For those businesses that currently have SBA loans, the SBA has given lenders blanket authority (without the need for pre-approval from the SBA) to defer payments for up to 6 months (for 7(a) and 504 loans) or for up to 3 months for 7(a) loans which have been sold on the secondary market. The message here is that if you have an existing SBA loan, you need to ask for deferment now before the loan is in default.

We know this is a challenging time for our communities, businesses, and employers. Our business attorneys throughout our 11 offices in Montana, Wyoming and North Dakota are here for you. Contact information is on our website: <https://crowleyfleck.com/practice-areas/business-organizations/>. Please reach out to us if you have specific questions or need additional; information or assistance.

Alissa Chambers
Commercial Transactions Practice Group
(406) 449-4165
achambers@crowleyfleck.com

Blaine Johnson
Commercial Transactions Practice Group
(701) 223-6586
bjohnson@crowleyfleck.com

Tim Woznick
Commercial Transactions Practice Group
(307) 426-4100
twoznick@crowleyfleck.com



To be added to the mailing list please contact Tiffani Swenson at tswenson@crowleyfleck.com

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