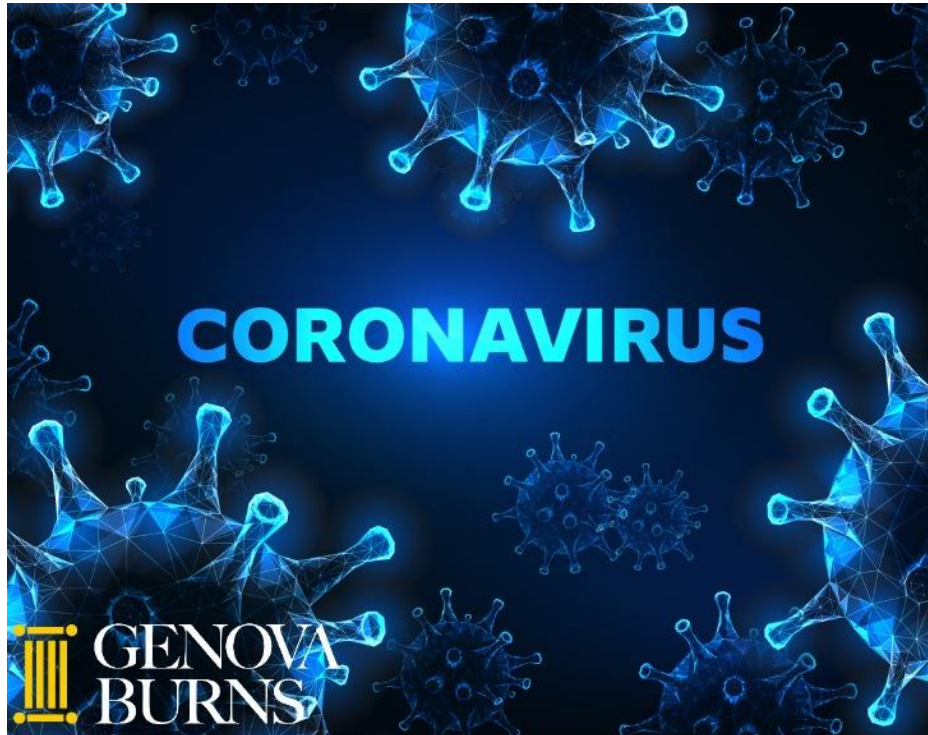


Coronavirus (COVID-19) Preparedness & Response Act Affords Small Businesses Financial Relief

By: [Kathleen Barnett Einhorn](#)



The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (the “Act”), which was signed into law by the President on March 6, 2020, provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak. The Act, which predominantly focuses on direct support responding to the outbreak (i.e., funding for testing, hospitals, vaccines, etc.), also includes provisions that allows the federal Small Business Administration (SBA) to administer disaster-related funds. President Trump has authorized the SBA to offer an additional \$50 billion in loans to help small businesses overcome temporary economic setbacks caused by the spread of the Coronavirus (COVID-19).

Pursuant to the Act, the SBA may issue under its own authority an Economic Injury Disaster Loan declaration upon request from a state’s Governor. The Economic Injury Disaster Loan declaration allows the SBA to make loans available to small businesses in designated areas in an attempt to help alleviate economic injury caused by COVID-19. Information concerning the application process for these Economic Injury Disaster Loans will be made available once the SBA makes a declaration.

The SBA’s Economic Injury Disaster Loans offers up to \$2 million in assistance and can provide critical economic support to small businesses to help overcome the temporary loss of revenue they are experiencing as a result of COVID-19. These loans may be used to pay fixed

debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. According to the SBA's website, the interest rate for these loans are 3.75% for small businesses, and 2.75% for non-profits. In order to keep payments affordable, the SBA offers loans with long-term repayments, up to a maximum of 30 years. Terms are determined on a case-by-case basis and are based upon each borrower's ability to repay. Detailed SBA guidance for COVID-19 is still being developed by the SBA and should be available in the next several days.

The [New Jersey Economic Development Authority](#) (NJEDA) also recognizes that the COVID-19 outbreak is causing substantial difficulty for many small businesses in the community. The NJEDA has advised that they, along with other State agencies, are currently engaging with local business leaders, local financial institutions, and business advocacy groups to better understand what supports would be most impactful to ensure business and employment continuity.

Information regarding resources available for small businesses affected by the COVID-19 remains fluid. For help navigating your small business through this tumultuous time, and for more information concerning resources available for your small business, eligibility or the application process itself, please contact [Kathleen Barnett Einhorn, Esq.](#), Chair of the firm's [Complex Commercial Litigation](#) Practice, at keinhorn@genovaburns.com.