

## All Counties Within Ohio to Receive an Economic Injury Declaration from U.S. Small Business Administration

By Mark Sarlson

It is expected that all counties within Ohio will receive an economic injury declaration from the U.S. Small Business Administration (“SBA”) this week that will enable eligible small businesses in Ohio to apply for an Economic Injury Disaster Loan in an amount not to exceed \$2 million. As a result of being contiguous to Indiana, the following Ohio counties have been declared COVID-19 disaster areas: Butler, Darke, Defiance, Hamilton, Mercer, Paulding, Preble, Van Wert, and Williams, and eligible small businesses in those counties can now apply for a loan. For a listing of currently SBA declared COVID-19 disaster areas please click [here](#).

If a business is within a declared disaster area, it can apply for an Economic Injury Disaster Loan provided the business meets certain SBA eligibility requirements including the [SBA's size standards](#) that are either based on revenue or number of employees. The business will also need to be physically located in the declared disaster area and suffered losses because of COVID-19. The business will also need to be within an eligible industry based on SBA standards. Hotels, recreational facilities, charter boats, manufacturers, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers are examples of eligible businesses. Private non-profit organizations such as nursing homes, food kitchens, museums, educational facilities, senior citizen centers, daycare centers, playhouses, community centers, shelters, and rescue organizations are eligible types of businesses. Certain types of businesses are ineligible such as the following businesses:

- 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, businesses considered hobbies, government-owned concerns.
- 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.
- Real estate developers-establishments primarily engaged in subdividing real property into lots and developing it for resale on their own account.

The application may be completed online at [here](#) or loan applications can be downloaded from [www.sba.gov/disaster](http://www.sba.gov/disaster) and mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155. The SBA will need:

- Completed SBA loan application (SBA Form 5 or
- SBA Form 5C for sole proprietorships.)
- 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).

The SBA may also request:

- 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).

The loans can be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. Presumably eligible uses of proceeds would include rent payments and possibly loan payments although it is not expected that the loan could be used to refinance other loans. Collateral for the loans will be required if available. No specific guidance has been provided as to the calculation of the amount of fixed expenses that will be allowed. Given that President Trump has indicated that the COVID-19 crisis may not be under control until August at the earliest, the calculation of fixed expenses through the end of the year does not seem unreasonable.

A PowerPoint presentation prepared by the SBA that summarizes the process for obtaining COVID-19 Economic Injury can be accessed [here](#).

If you have any questions about this topic, please contact attorney Mark Sarlson by phone at 216.615.4855 or by email at [msarlson@ralaw.com](mailto:msarlson@ralaw.com).

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