

SBA To Provide Economic Injury Disaster Loans For Coronavirus Related Economic Disruptions



SBA's Economic Injury Disaster Loan Basics

What businesses are eligible to apply?

- small businesses
- small agricultural cooperatives
- small aquaculture businesses
- most private non-profit organizations

This includes:

- Businesses directly affected by the disaster
- 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

Ineligible Entities

What are some of the businesses that are ineligible for an Economic Injury Disaster Loan?

- 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 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.

What defines small business?

Size Standards

Traditional Industry Size Max - NAICS

- Retail or Service - \$7 Million
- Manufacturing – 500 Employees
- Wholesale - 100 Employees

Alternate Size Max

- the maximum tangible net worth of the applicant is not more than \$15,000,000; and
- (ii) the average net income after Federal income taxes is not more than \$5,000,000.

SBA's Economic Injury Disaster Loan Basics

What is the criteria for a loan approval?

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
- Have suffered working capital losses due to the declared disaster



SBA's Economic Injury Disaster Loan Terms

How much can I 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 based on the size (must be a small business), type of business,
and its financial resources.

How can I use the loan funds?

- Fixed debts
- Payroll
- Accounts payable
- Other bills that could have been paid had the disaster not occurred.

Economic Injury Disaster Loan Terms



What are the collateral requirements?

- Economic Injury Disaster Loans over \$25,000 require collateral.
- SBA takes real estate as collateral when it is available.
- Lack of collateral is not a reason for decline.

SBA's Working Capital Loans are Different from Other SBA Loans

SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.

Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at: DisasterLoan.sba.gov

There is no cost to apply.

There is no obligation to take the loan if offered.

The maximum unsecured loan amount is \$25,000.

Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated.

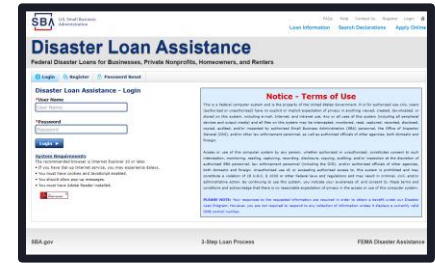
Basic Filing Requirements

- Completed SBA loan application (SBA Form 5).
- Personal Financial Statement (SBA Form 413).
- Schedule of Liabilities (SBA Form 2202).
- Economic Injury Disaster Loan Supporting Information (Form P-019)
- Tax Information Authorization (IRS Form 4506T) for each person who has ownership of 20% or more in the business
- Complete copies of the most recent Business Federal Income Tax Return.
- Other Information may be requested.

**Although a paper application and forms are acceptable, filing electronically is easier, faster and more accurate.*

The image shows the U.S. Small Business Administration Disaster Business Loan Application form. The form is titled "U.S. Small Business Administration DISASTER BUSINESS LOAN APPLICATION" and includes a section for "FOR SBA INTERNAL USE ONLY" with fields for Date Received, Location, Filing Deadline Date, and SBA Application Number. The main body of the form is divided into several numbered sections: 1. ARE YOU APPLYING FOR (Physical Damage, Economic Injury (EIDL), Military Reservist EIDL (MREIDL), Business Contents, Employee's Social Security Number); 2. ORGANIZATION TYPE (Partnership, Limited Partnership, Corporation, Nonprofit Organization, Limited Liability Entity, Trust, Other); 3. APPLICANT'S LEGAL NAME; 4. FEDERAL E.I.N. (if applicable); 5. TRADE NAME (if different from legal name); 6. BUSINESS PHONE NUMBER (including area code); 7. MAILING ADDRESS (Number, Street, and/or Post Office Box, City, State, Zip); 8. DAMAGED PROPERTY ADDRESSES (if you need more space, attach additional sheets); 9. PROVIDE THE NAME(S) OF THE INDIVIDUAL(S) TO CONTACT FOR: (Name, Telephone Number, Information necessary to process the Application); 10. ALTERNATE WAY TO CONTACT YOU (Cell Number, Fax Number, E-mail, Other); 11. BUSINESS ACTIVITY; 12. NUMBER OF EMPLOYEES (pre-disaster); 13. DATE BUSINESS ESTABLISHED; 14. CURRENT MANAGEMENT SINCE; 15. AMOUNT OF ESTIMATED LOSS (Real Estate, Inventory, Machinery & Equipment, Leasehold Improvements); 16. INSURANCE COVERAGE (IF ANY) (Name of Insurance Company and Agent, Coverage Type, Phone Number of Insurance Agent, Policy Number).

Additional Filing Requirements



Other information that may be requested:

- Most recent personal Federal income tax returns including all schedules, of for principals, general partners or managing member, and affiliates.
- 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.)



How to Apply

SBA's Customer Service Representatives are ready to serve.

- Electronic Loan Application (ELA) at <https://disasterloan.sba.gov/ela>.
- Paper loan applications can be downloaded from www.sba.gov/disaster. Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155 (Not recommended).
- Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.

Submit Your Application As Soon As Possible

Recheck the filing requirements to ensure that all the needed information is submitted.

The biggest reason for delays in processing is due to missing information. Make sure to complete all filing requirements before submitting the application and forms.

If more funds are needed, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.

If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

Tips for Applying

Write your password down.

Save your work at every prompt.

Do not rush through the application.

Be sure to use the same contact information (business name and the name of all owners) that you use on your federal tax returns.

If your tax returns reference other businesses that you own, you must also submit those tax returns.

Any Questions?

More information concerning
SBA and its programs:

www.sba.gov/disaster

Additional help:

Workforce and Illinois Small Business Development Center at
Southeastern Illinois College

<https://ilsbdc.ecenterdirect.com/>