

Economic Injury Disaster Loans For Coronavirus Related Economic Disruptions



**U.S. Small Business
Administration**

**Illinois Congressional Delegation Briefing
March 20, 2020**

SBA Economic Injury Disaster Loan Program

Declaration process

- Governor's Certification/Request
- SBA Administrator Approves Declaration

Type of loan

- Working capital loan
- Used to pay business expenses
- “Keep business in business loan”

Economic Injury Disaster Loan - Terms

Working Capital Loan Program

- Eligible entities may qualify for loans up to \$2 million.
- The interest rates for this disaster are 3.75 % for small businesses
2.75 % for nonprofit organizations
- Terms up to 30 years
- First payment deferred for one year

Eligibility

- Based on the size (must be a small business)
- Type of business
- Financial resources

Economic Injury Disaster Loan - Terms

What businesses are eligible to apply?

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

How can I use the loan funds?

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

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



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

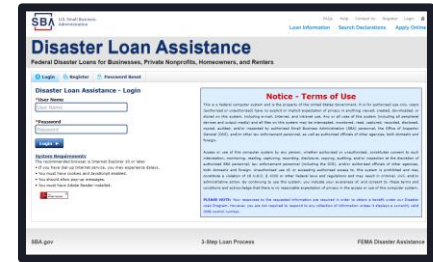
- Completed SBA loan application (SBA Form 5).
- Tax Information Authorization (IRS Form 4506T) for the applicant, principals and affiliates.
- Complete copies of the most recent Business Federal Income Tax Return.
- Schedule of Liabilities (SBA Form 2202).
- Personal Financial Statement (SBA Form 413).
- Other Information may be requested.

The image shows the front page of 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 fields for Physical Disturbance Number, Economic Injury Disturbance Number, FEMA Registration Number, Date Received, Location, Filing Deadline Date, and SBA Application Number. It also contains sections for "ARE YOU APPLYING FOR:" (Physical Damage, Economic Injury, Military Reservist EIDL), "BUSINESS TYPE", "APPLICANT'S LEGAL NAME", "TRADE NAME", "MAILING ADDRESS", "DAMAGED PROPERTY ADDRESSES", "PROVIDE THE NAMES OF THE INDIVIDUALS TO CONTACT FOR:", "BUSINESS ACTIVITY", "DATE BUSINESS ESTABLISHED", "NUMBER OF EMPLOYEES", and "INSURANCE COVERAGE".

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



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.)

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.



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.

Assistance From SBA and Partners

Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA's partners: Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBC), and Veteran's Business Outreach Centers and local Chambers of Commerce.

For the nearest office, visit: <https://www.sba.gov/local-assistance>

Illinois District is hosting two training sessions daily (11a and 3p)

- Go to www.sba.gov/il for more information.

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.

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Any Questions?

More information concerning
SBA and its programs
visit our website at:

www.sba.gov/disaster
www.sba.gov/coronavirus
www.sba.gov/il

Additional help:
Illinois District Office
(312) 353-4528
Illinois.DO@sba.gov