

Economic Injury Disaster Loan & Loan Advance (Working Capital Loans)

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000.

The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application, **and this loan advance will not have to be repaid.**

SBA Disaster Loan Online Application <https://covid19relief.sba.gov/#/>

Who Is Eligible?

- Businesses directly affected by the disaster
- Businesses that offer services directly related to the businesses in the declaration
- Other businesses indirectly related to the industry that are likely to be harmed by losses in their community

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 and suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.

- **If you meet the qualifications the \$10,000 will be deposited into your account in about 3 days from acceptance. This is basically emergency funds to cover working capital expenses (payroll, rent, utilities, loan payments, etc.) The SBA will then reach out about additional funds that you qualify for.**
- You can accept the grant and decline the loan
- Keep records showing the grant was used for Working Capital Expenses
- If you accept this grant/loan it does not disqualify you from taking advantage of other programs.

How much can I borrow?

- Eligible entities may qualify for loans up to \$2million.
- 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 for these working capital loans are based on the size (must be a small business) and type of business and its financial resources.
- The loans will accrue interest, but no payments due for 1 year
- The applications will be open for 9 months

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
- 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.

What are the collateral requirements?

- Economic Injury Disaster Loans over \$25,000 require collateral.
- SBA takes real estate as collateral when it is available.
- SBA will not decline a loan for lack of collateral but requires borrowers to pledge what is available.

Info Needed for Economic Injury Disaster Loan Application

Business Info:

- Business Legal Name
- Trade Name
- EIN/SSN for Sole Prop
- Organization Type
- Non-Profit Y or N
- Franchise Y or N
- Gross Rev for 12 months prior to Disaster
- COGS for the 12 months prior to Disaster
- Compensation from Other Sources Received as a result of the disaster
 - Brief description of other compensations
- Primary Business Address
- Phone/Fax
- Business Email
- Date Business Established
- Current Owner Since
- Business Activity
- Detailed Business Activity
- No. of Employees as of 1/30/2020

Business Owner(s) Info

- Name
- Home Address
- Cell Phone
- SSN for each partner
- DOB for each partner
- Date business started
- Percent of ownership
- Place of birth

Additional Info

- Bank Name
 - Account Number
 - Routing Number