



SBA Disaster Loans

(current as of 3/25/2020)

SBA Disaster Response Capacity

Note: SBA's disaster response services were not set up to handle a situation on the magnitude of the COVID-19 pandemic that impacts thousands of businesses all across the country. As such, it is expected that the normal disaster loan processes may take longer than has occurred during past disasters.

Overview of SBA Economic Injury Disaster Loan

The U.S. Small Business Administration is offering designated states and territories low-interest [federal disaster loans](#) for working capital to small businesses and private non-profit organizations suffering substantial economic injury as a result of the Coronavirus (COVID-19). Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19).

- Economic Injury Disaster Loans offer up to \$2 million in assistance. Loan values are based primarily on cash flow, so the ability to repay the debt is the most important factor.
- 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. It does not cover lost sales. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- Terms, up to a maximum of 30 years, are determined on a case-by-case basis, based upon each borrower's ability to repay. There is no prepayment penalty.
- Repayments are deferred for 6 months.
- Loans of up to \$25,000 do not require collateral. Loans of over 25K will need to give the SBA access to collateral, that does not mean that you need to have your loan fully collateralized, but if you have collateral it will be used.
- If your business has been open less than one year, the SBA can take projections into account.
- The loan values are based primarily on cash flow, so the ability to repay the debt is the most important factor. These are working capital loans intended to replace revenues lost as a result of the disaster. The business must be able to show that before the disaster, the business was sound and solvent.
- Loans cannot be used to pay off existing debt.

SBA EIDL loans are TOTALLY handled, processed – and if approved - funded directly by the SBA. **Banks and other lenders DO NOT do SBA EIDL loans.**

Overview from SBA of the Economic Injury Disaster Loan for [LLCs](#), for [Sole Proprietors](#).

Private Non-Profit Organizations

- Examples: Nursing homes, food kitchens, museums, educational facilities, senior citizen centers, daycare centers, playhouses, community centers, shelters, rescue organizations, associations, etc.
- An eligible private non-profit organization is a non-governmental agency or entity that currently has:
 - An effective ruling letter from the U.S. Internal Revenue Service, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or
 - Satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law.

Ineligible Entities

- 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.

Apply

This [SBA Disaster Loan Three Step Process](#) factsheet provides more details on the SBA loan process a. Apply for an Economic Injury Disaster Loan (EIDL) [online](#). Keep your confirmation numbers safe. Google Chrome does not work well for this site; try alternative browsers.

Documentation Required

- Completed SBA loan application (SBA Form 5 or SBA Form 5C for sole proprietorships.) that describes the loss and includes a written explanation of the amount you are seeking and how it will be used.
- Copy of Credit Bureau Report with Credit Scores from the three primary reporting agencies for all owners of the business with minimum 20% ownership.
- Personal Financial Statement (SBA Form 413) for all owners of the business with minimum 20% ownership interest.
- Federal Personal and business tax returns for the last 3 years (include personal tax returns for each owner with minimum 20% ownership interest in the business). 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.

- Business Financial Statements for year to date (both income statements and balance sheet is Preferred). Schedule of all business assets and liabilities.
- Provide monthly sales figures beginning 3 years prior to the disaster and continuing through the most recent month available. (SBA Form 1368).
- SBA Loan Application (SBA Form 5).
- IRS Form 8821 / 4506-T for each owner with minimum 20% ownership interest in the business.

Gather Your Materials

- Business information
- Contact information and social security numbers for all applicants
- Employer Identification Number (EIN) for business applicants
- Insurance information
- Financial information (e.g. income, account balances and monthly expenses) - Know the total amounts and payments due for debts that will be paid over the next 10 months or longer (i.e. mortgages, student loans, credit cards, etc.)

Other key information - Updated 3/24/20

- Apply online instead of by mail.
- Use Internet Explorer or Mozilla Firefox to apply. Chrome does not function.
- Write your password down; neither the system nor any personnel are able to retrieve it
- The 'Help Button' provides useful information for each page.
- Use the 'Save Button' frequently and at every prompt. The website may go down periodically due to high volume. If this happens, try to login again at a later time.
- Be patient and keep trying if you experience slow load times.
- Include the disaster in your application – specifically name “COVID-19” or “Coronavirus”
- Do not rush through the application. Check and recheck the filing requirements to ensure that all the needed information is completed prior to submission. The biggest reason for delays in processing is due to missing information.
- Be sure to use the same contact information (business name and the name of all owners) that you use on your federal tax returns. Double-check that they match.
- If your tax returns reference other businesses that you own, you must also submit those tax returns in order to avoid a processing delay.
- 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.

What's next? What should you expect?

- You will receive email confirmation that your application has been submitted.
- You will receive an email letting you know that your application is under review.
- BE PREPARED: You will be contacted by someone from the SBA.

- Have your monthly expenses and financial projections ready (the SBDC can help with this!)
- Reasons for a loan to be declined: credit score; documenting financial projections; documentation missing
- If you are declined, you will have 3 opportunities to resubmit within 6 months.

EIDL Forms

The following documents need to be completed:

For Sole-Proprietors

- **SBA Form 5C**
SBA Form 5C (en Español)
- **IRS Form 4506-T**
IRS Form 4506-T Instructions
IRS Form 4506-T Instructions (en Español)
- **PUERTO RICO ONLY: Modelo SC 2907: Release of Inheritance and Donation (en Español)**
PUERTO RICO ONLY: Hacienda Statement of Authorization

For Everything Else (LLC, Corps, etc)

- **SBA Form 5**
SBA Form 5 (en Español)
- **SBA 159D**
- **SBA Form 1368**
SBA Form 1368 (en Español)
- **SBA Form 413D Personal Financial Statement**
SBA Form 413D Personal Financial Statement (en Español)
- **IRS Form 4506-T**
IRS Form 4506-T Instructions
IRS Form 4506-T Instructions (en Español)
- **SBA Form 2202 Schedule of Liabilities**
SBA Form 2202 Schedule of Liabilities Instructions
SBA Form 2202 Schedule of Liabilities (en Español)
- **PUERTO RICO ONLY: Modelo SC 2907: Release of Inheritance and Donation (en Español)**
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