

# SBA Economic Injury Disaster Loan Notes

APPLY NOW! Wait times are expected to be long (2-4 weeks). Get your application in the queue.

This is the first time this program is used for a biological event (as opposed to an environmental/natural disaster)

Utah's administrator has declared the state as a disaster area already.

Website: <https://disasterloan.sba.gov/ela/>

## SBA's Economic Injury Disaster Loan Basics

- Small businesses only – criteria differ by NAICS code

### What businesses are eligible to apply?

SBA's Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and 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 to the industry that are likely to be harmed by losses in their community  
(Example: Manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product.)

## 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.

• SBA Disaster Loans cannot be used to pay down existing disaster loans

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



## 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 for these working capital loans are based on the size (must be a small business) and type of business and its financial resources.

### How can I use the loan funds?

These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.

- Amount and loan term based on nature of the business
- Businesses can return to the SBA if they need additional infusions of cash



## 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.
- SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available.



- If a business HAS collateral, it must pledge it in order to receive a loan >\$25,000
- Personal collateral could be required, depending on the business type
- A loan can be approved, but it won't be funded until that collateral is pledged



## SBA's Economic Injury Disaster Loan Basics

### What kinds of small businesses can apply?

Examples of eligible industries include but are not limited to the following: hotels, recreational facilities, charter boats, manufactures, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.



### What other criteria is involved?

The applicant business must have a physical presence in the declared disaster area. An applicant's economic presence alone in a declared area does not meet this requirement. The physical presence must be tangible and significant. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.

- No cost to apply and no obligation to accept.

- Apply ASAP due to a high volume expected.



## 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](https://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

The image shows the top portion of the SBA Form 5, 'Disaster Business Loan Application'. It includes the SBA logo, the title 'U.S. Small Business Administration DISASTER BUSINESS LOAN APPLICATION', and various fields for applicant information such as name, address, and phone number. There are also checkboxes for business type and disaster status.

- 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 Federal Income Tax Return.
- Schedule of Liabilities (SBA Form 2202).
- Personal Financial Statement (SBA Form 413).

Other Information may also be requested.

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



# Additional Filing Requirements

A screenshot of the 'Disaster Loan Assistance' website. The page has a blue header with the title 'Disaster Loan Assistance'. Below the header, there is a main content area with text and a sidebar on the right with a 'Help' link.

## Other information that may be requested:

- 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.)





SBA's Customer Service Representatives are ready to serve.

## How to Apply

- Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>.
- Paper loan applications can be downloaded from [www.sba.gov/disaster](http://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.
- 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](mailto:disastercustomerservice@sba.gov).

• High volumes expected suggest the site may experience some snags, but the SBA will work through any issues ASAP.

## 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.

• DO NOT LOSE YOUR PASSWORD. YOU WILL HAVE TO START EVERYTHING OVER IF YOU DO!