

# SBA Economic Injury Disaster Loans



U.S. Small Business  
Administration

# SBA's Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

The U.S. Small Business Administration (SBA) is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).



*Administrator Jovita Carranza*

# 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.
- No collateral is needed for loans less than \$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.

# Economic Injury Disaster Loan Eligibility

## Am I 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.)

# Small Business Eligibility

## What kinds of small businesses can apply?

Examples of eligible industries include but are not limited to the following:

- Restaurants, retailers, manufacturers, sports vendors, owners of rental property, souvenir shops, travel agencies, hotels, recreational facilities, charter boats, wholesalers, etc.

## How do I know if I am “small business”?

Visit: <https://www.sba.gov/document/support--table-size-standards>

# Private Non-Profit Eligibility

## What kinds of non-profits may apply?

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:**

**(1)** 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**

**(2)** 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

## 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. [Please contact USDA or the State of Michigan for agriculture-related assistance.](#)
- Religious or Charitable Organizations and government-owned concerns
- Businesses considered hobbies
- Gambling Concerns - more that 1/3 of annual gross revenue from legal gambling activities.
- Speculative real estate businesses

# 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?

- Fixed debts
- Payroll
- Accounts payable
- 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.**



# SBA's Economic Injury Disaster Loan Terms

## What is the criteria for a loan approval?

### Credit History

Applicants must have a credit history acceptable to SBA and is assessed in a case by case basis.

### Repayment

- SBA must determine that the applicant business has the ability to repay the SBA loan.
- Loan repayment is deferred until month 12 of the date of the promissory note.

### 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.

# Preparing to Apply

## Gather your documents:

- ✓ 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)



# Preparing to Apply

## 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.)

# Ready to Apply

1) Have all business/non-profit financial and tax documents on hand

2) Complete the SBA loan application

- Hard-copy SBA Form 5 or SBA Form 5C for sole proprietorships
- **OR** Apply online for auto populating SBA forms

The image shows two SBA loan application forms. The top form is the 'U.S. Small Business Administration Disaster Business Loan Application' (SBA Form 5) and the bottom form is the 'U.S. Small Business Administration Disaster Home/Sole Proprietor Loan Application' (SBA Form 5C). Both forms are detailed and contain various sections for applicant information, business details, and disaster-related data.The image is a screenshot of the SBA's 'Disaster Loan Assistance' website. The page title is 'Disaster Loan Assistance' and it includes a sub-header 'Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters'. There is a 'Login' button and a 'Disaster Loan Assistance - Login' section with a 'Your Name' field and a 'Password' field. A 'Notice - Terms of Use' box is visible on the right side of the page, containing legal disclaimers and terms of service. The footer of the page includes 'SBA.gov', '3-Step Loan Process', and 'FEMA Disaster Assistance'.

TIP: Download the SBA hard-copy forms to prepare for the online form submission and make sure you save your application online as you go!

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

# Options to Apply



1. Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>.
2. Paper loan applications can be downloaded from the link above. Completed applications should be mailed to:  
**U.S. Small Business Administration**  
**Processing and Disbursement Center**  
**14925 Kingsport Road, Fort Worth, TX 76155**
3. 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).

# Submit Your Application



**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.

**Can I change my loan amount once I have submitted an application?**

- 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 if I am denied a loan?**

- 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.

# Assistance From SBA Partners

**No-cost** technical assistance, consulting, and mentorship from any of [SBA's Resource Partners](#):

**Small Business Development Centers (SBDCs)**

**SCORE**

**Women's Business Centers (WBC)**

**Veteran's Business Outreach Centers**

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

**SBA Michigan District Office**

[Michigan@sba.gov](mailto:Michigan@sba.gov)

**Sign up for updates at [www.sba.gov/updates](http://www.sba.gov/updates)**

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# Any Questions?



More information concerning  
SBA and its programs

Michigan District Office  
[Michigan@sba.gov](mailto:Michigan@sba.gov)