



SBA – Economic Injury and Disaster Loans (EIDLs) – COVID-19

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SBA is offering low-interest loans to businesses suffering with loss of revenue caused by the COVID-19 pandemic. Businesses will be able to use the loan to survive through the current economic disruptions as long as the funds are not used to refinance existing long-term debt, pay down principal of existing loan (fixed payment acceptable), make payment of federal debt (including other SBA loans).

Who qualifies?

Small business owners in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19).

But...

- Businesses that had ownership change after the economic injury are not eligible
- Businesses established after 1/31/2020 are not eligible
- Applicants with history of non-compliance with terms of previous SBA loans are not eligible
- Businesses in certain industries are not eligible (i.e. gambling, religious organizations etc.)

How is “small” business defined?

Definition of small business varies by industry. Small business is defined by number of employees for the apparel industry:

Maximum number of employees to be considered a ‘small’ business:

Subsector 315—Apparel Manufacturing	Maximum number of employees
Hosiery and Sock Mills	750
Other Apparel Knitting Mills	750
Cut and Sew Apparel Contractors	750
Men's and Boys' Cut and Sew Apparel Manufacturing	750
Women's, Girls', and Infants' Cut and Sew Apparel Manufacturing	750
Other Cut and Sew Apparel Manufacturing	750
Apparel Accessories and Other Apparel Manufacturing	500

What are the terms & conditions of the loan?

- No cost to apply
- No early payment penalties
- Loan up to \$2,000,000



Interest rate of 3.75% for small businesses; 2.75% for non-profit organizations

Maximum term of 30 years

*actual terms and conditions will be based on SBA's review

Do I need collateral?

Normally, disaster loans over \$25,000 require collateral. Due to the special circumstances of the COVID-19 pandemic, this requirement has been waived. However, SBA may request it if collateral is available.

What are the steps to receive this loan?

Step 1: Application

It is recommended that borrowers apply online for fast processing:

1. Go to <https://covid19relief.sba.gov/#/> and fill in the required information
 - ** SBA is offering \$10,000 loan advance to applicants while they wait for the loan approval. This advance is funded within 3 days of application submission. This advance does not need to be paid back if the SBA loan is denied and as long as the advance was used for payroll on employees making less than \$100,000 per year and other business expenses accepted by the SBA.
 - ** Be sure to checkmark the option: "I would like to be considered for an advance of up to \$10,000" in "Additional Information" section

2. ** SBA Disaster Assistance loan officer may request additional documents:
 - IRS Form 4506-T (must be signed by each principal owning 20% or more of the business, each general partner or managing member for partnerships and LLCs, and by any owner who has more than 50% ownership in an affiliate business including business parent, subsidiaries, and/or businesses with common ownership or management)
 - Schedule of Liabilities (SBA Form 2202; *not required for sole proprietorships*)
 - Complete copies, including all schedules, of most recent Federal income tax returns for the business (must provide explanation if no available; *not required for sole proprietorships*)
 - Personal Financial Statement (SBA Form 413) from each principal owning 20% or more of the business, each general partner or managing member (*not required for sole proprietorships*)
 - Complete copies, including all schedules, of most recent Federal income tax returns for each individual signing the IRS Form 4506-T
 - 2019 FYE financial statements if 2019 Federal income tax has not been filed
 - 2020 YTD financial statements
 - Additional Filing Requirements (SBA Form 1368) with monthly sales figures

3. Applicants may check status of their application by calling 1-800-659-2955 (Los Angeles office: 213-634-3855) or by emailing disastercustomerservice@sba.gov



L.A. Headquarters: 801 S. Grand Ave. Ste 1000 Los Angeles, CA 90017 Tel: 213-430-4888

N.Y. Regional Office: 450 7th Ave., Ste 2601 New York, NY 10123 Tel: 212-629-8688

Shanghai Office: Suite 1140, No. 968 West Beijing Road Garden Square, Jin'an District, Shanghai Tel: 52037670

Step 2: Verification and Loan Decision by SBA

1. Disaster Assistance loan officer will review each applicant's credit and determine loan eligibility
2. Loan officer will work with each applicant to provide all necessary information to reach a loan determination
3. Time to reach a loan decision is between 2 to 3 weeks.

Step 3: Loan closed

1. Loan documents sent to applicants for signing
2. Initial disbursement of \$25,000 will arrive within five days. Rest of the loan will be disbursed on a schedule set by the loan officer.

** Due to the high volume of applicants, the SBA website has experienced outages. Applicants have the option to email documents to disasterloans@sba.gov or mail requested documents to:

*U.S. Small Business Administration
Processing & Disbursement Center
Attn: ELA Mail Department
P.O. Box 156119
Fort Worth, TX 76155*

Sources:

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

https://disasterloan.sba.gov/ela/Documents/Three_Step_Process_SBA_Disaster_Loans.pdf

<https://disasterloan.sba.gov/apply-for-disaster-loan/index.html>



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<https://www.ecfr.gov/cgi-bin/text->

[idx?SID=b919ec8f32159d9edaaa36a7eaf6b695&mc=true&node=pt13.1.121&rgn=div5#se13.1.121_1201](https://www.ecfr.gov/cgi-bin/text-idx?SID=b919ec8f32159d9edaaa36a7eaf6b695&mc=true&node=pt13.1.121&rgn=div5#se13.1.121_1201)

<https://www.benefits.gov/benefit/1504>

<https://www.businessreport.com/business/impacted-by-covid-19-no-collateral-needed-for-sba-economic-injury-disaster-loan>

<https://www.washingtonpost.com/business/2020/03/26/small-business-administration-loan-faq/>

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

<https://www.forbes.com/sites/brianthompson1/2020/03/29/getting-cash-for-your-small-business-through-the-cares-act/#787521c843a0>