SBA’s Economic Injury Disaster Loan Basics

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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 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 that 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.)
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 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

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.
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.
How to Apply

SBA’s Customer Service Representatives are ready to serve.

- 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. 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.
Tips

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.
OCIE SBDC Loan Package Documentation Checklist

In order to apply for a business loan, here is a list of documents required to be submitted for review by SBDC Advisor to explore funding options.

1. Copy of Credit Bureau Report with Credit Scores from the three primary reporting agencies (Experian, Trans Union and Equifax) for all owners of the business with minimum 20% ownership interest. You can get the credit reports for a small fee at Freecreditreport.com or Annualcreditreport.com (At minimum, the Experian Credit Report with FICO Score is preferred).

2. Personal Financial Statement (SBA Form 413 – attached) for all owners of the business with minimum 20% ownership interest. Documents that you will need:
   - Checking and savings account statements showing balances
   - IRA, 401(k), and other retirement account statements showing balances
   - Life insurance documents showing current cash surrender value
   - Stocks, bonds, and other investment documents showing current value
   - Pay stub showing current annual salary
   - Statements for pensions, real estate income, or other sources of income
   - Mortgage statements, auto loan statements, credit card statements, and statements for other types of loans showing your account number, payment amount, and current balance

3. 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).

4. Business Financial Statements for year to date (both income statements and balance sheet is preferred – current within 45 days).

5. Latest A/R and A/P Aging reports for the business.

6. Personal resumes for all owners of the business with minimum 20% ownership interest.

7. Proof of current income (most recent paycheck information) for all borrowers.

8. Business plan or Company Overview / Executive Summary. Brief history and explanation of your business.

9. Written explanation of the amount you are seeking and how it will be used.
www.iesmallbusiness.com
951-781-2345