

COVID-19: SBA Disaster Declaration Makes Loans Available

The U.S. Small Business Administration is offering small businesses and non-profit organizations located in designated states and territories Economic Injury Disaster Loans (EIDL). These loans are low interest federal disaster loans for working capital that come directly from the U.S. Treasury - not through a sponsoring bank. *A complete list of all designated disaster areas is posted on the [SBA website](#).*

Qualifying Businesses Are:

- Businesses directly affected by the disaster.
- Businesses that offer services directly to affected businesses.
- Other businesses indirectly related to the industry that are likely to be harmed by the disaster.

Non-Qualifying Businesses Are:

- Agricultural enterprises as defined in Section 18(b)(1) of the Small Business Act.
- Religious Organizations.
- Charitable Organizations.
- Gambling Concerns/Casinos & Racetracks.

Criteria for Approval:

- Business must have an "acceptable credit history".
- Business must be deemed to have the ability to repay the loan.
- Physically located in a declared county.
- Proof that business is suffering working capital losses due to the declared disaster.

Eligible businesses and non-profits can qualify for loans up to \$2 million.

Interest rates for disaster loans are 3.75% for small businesses and 2.75% for Non-Profit Organizations with terms up to 30 years.

Loan funds can be used to pay other fixed debts, payroll, trade accounts payable, and other bills that could have been paid on the normal course of business had the disaster not occurred.

Loans are not intended to pay for "Lost Sales/Profits" or Expansion.

Collateral:

- Loan more than \$25,000 will require collateral.
- SBA will take real estate as collateral when available.
- Loans will not be declined for lack of collateral but will require borrowers to pledge whatever is available.

How do I Apply?

- Applicants go directly to the SBA's Disaster Assistance Program site at: <https://disasterloan.sba.gov/ela/>
- There is no cost to apply.
- Max unsecured Loan is \$25,000.
- Complete SBA Loan App (SBA Form 5).
- Complete Tax Information Authorization (IRS Form 4506T).
- Provide copies of the most recent Federal Income tax return filed for the applicant.
- Provide a schedule of applicant liabilities (SBA Form 2202).
- Provide a personal financial statement for business owners/principal's (SBA Form 413).
- Other info may also be requested during the application process.
- Electronic on-line filing will expedite the process vs. submitting paper applications.
- SBA Customer Service Line: 1-800-877-8339