

# SBA Coronavirus Resources and Loan Programs



U.S. Small Business  
Administration

# SBA Disaster Loan Programs

## **Economic Injury Disaster Loan (EIDL)**

- Traditional SBA disaster resource available in times of declared disasters

## **Paycheck Protection Program (PPP)**

- Part of the Cares Act in response to Coronavirus (COVID-19)

# SBA's Economic Injury Disaster Loan Basics

## 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.)

# 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.

The first \$10,000 can be made as an advance and will not have to be repaid.

## 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.

# 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.

# 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.

# 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.



# Applied for EIDL and Want Status?

The only way to get an application status at this time is to contact the Office of Disaster Customer Service.

1-800-659-2955

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

# Basic Filing Requirements

***Very Simple!!!***

- ***Complete 4 screens self certifying information.***
- ***Includes a request for up to a \$10,000 advance and bank account information***
- ***Apply at: <https://covid19relief.sba.gov/#/>***

# 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.
- 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.
- Businesses of sexual nature.

# Assistance From SBA Partners

Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA's partners: Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBC), and Veteran's Business Outreach Centers and local Chambers of Commerce.

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

# 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.

# Paycheck Protection Program (PPP)



- Provides \$349 billion in **forgivable** loans
- The maximum size of the loan is \$10 million.
- Funds must be used for payroll, mortgage interest, rent, and utilities over an 8 week period after the loan is made.
- Employees and compensation levels must be maintained.
- Loans are provided by commercial lenders with a 100% guarantee from SBA.

# Who is Eligible?

- Companies with 500 employees or less.
- Most Non-Profits and faith-based organizations.
- Sole proprietors, the self employed, independent contractors.
- Must have been in business since February 15, 2020.

# How much do I qualify for?

- Maximum of \$10 million.
- For companies that have been in business for a year: The average monthly payroll for the preceding 12 months multiplied by 2.5.
- For companies not in business a full year: The average monthly payroll for the period January 1, 2020 through February 29, 2020 multiplied by 2.5.



# More Details

- Apply with SBA approved Lenders.
- Interest rate is 1.0% fixed rate with a 2 year term.
- Payments will be deferred for 6 months.
- No Collateral is required.
- No personal guarantee is required.
- Applications are currently being accepted.
- Applications for Independent Contractors and self-employed start 4-10-2020.
- Loans are guaranteed 100% by SBA.

# How is My Loan Forgiven?

- You must use loan proceeds for payroll costs, mortgage interest, rent, and utilities over 8 weeks after getting the loan.
- It is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- After loan proceeds are used, request forgiveness from your lender providing all necessary documentation for employee retention and financial documentation.

# What if my Bank Does Not Participate?

- Contact your current business banker.
- Contact other lenders you may have a relationship with.
- A list of SBA lenders can be found here:  
<https://www.sba.gov/content/sba-lenders-serving-south-carolina>

# EIDL Plus PPP

- You CAN apply for both the EIDL and PPP.
- You CANNOT use the funds for the same purpose.
- Any grant received from EIDL will either be rolled into your PPP loan or deducted from any PPP loan forgiveness.
- Strategy – a borrower may use the PPP for payroll and then use the entire EIDL for working capital, notes payable and accounts payable so that there is no duplication.
- Accept PPP first and then decide whether to close your EIDL approved loan.
- Best Practice – Consider establishing separate accounts for EIDL & PPP and document the use of funds appropriately.

# Any Questions?



More information concerning  
SBA Coronavirus Resources  
visit our website at:  
**[www.sba.gov/coronavirus](http://www.sba.gov/coronavirus)**