



U.S. Small Business Administration

Economic Injury Disaster Loans (EIDL) and Emergency Economic Injury Grants

April 3, 2020

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 COVID-19.

Here's an overview ...

- Must be able to prove economic injury due to Covid-19
- Applicable to eligible small businesses in accordance with the criteria detailed by the SBA
- Low interest loan up to \$2,000,000
- These loans will take time to acquire and not all businesses will qualify
- Usage – working capital, accounts payable, fixed debts, payroll and other bills that cannot be paid due to Covid-19 impact.
- Cannot be used for payroll if you have received a PPP loan, or are applying for a PPP loan to cover payroll costs
- Term – up to 30 years
- Interest rate – 3.75% (2.75% for nonprofits); this does not accrue until 12 months after receipt of the loan
- Payments – not due until 12 months after receipt of the loan
- Funds are NOT forgivable
- Turnaround time on the loan – estimated 3 to 6 weeks, or more
- Loan availability period – January 31, 2020, to December 31, 2020
- Loan request – no calculation – up to the borrower (cap - \$2,000,000)

Loan application process and documentation needed

- [Application – online at SBA.gov](#)
- Tax Information Authorization (**IRS Form 4506-T**) for each owner with minimum 20% ownership interest in the business.
- Federal personal AND business tax returns for the last 3 years, including all schedules (include personal tax returns for each owner with minimum 20% ownership interest in the business).
- Personal Financial Statement (**SBA Form 413D**) for all owners of the business with minimum 20% ownership interest.
- Schedule of Liabilities listing all fixed debts (**SBA Form 2202** may be used).
- A current year-to-date profit and loss statement and balance sheet.
- Monthly sales figures beginning 3 years prior to the disaster and continuing through the most recent month available. (**SBA Form 1368**). Total figures for each year should reconcile to the sales figures on corresponding tax returns.
- Changes to documentation and requirements under the CARES Act
 - Waives the credit elsewhere requirement for advances and loans below \$200,000
 - Waives the personal guarantee for advances and loans below \$200,000
 - Waives the 1 year in business requirement for advances and loans below \$200,000



Do you need funds while you are waiting for your application decision?

- EIDL Loan Advance
 - Allows for up to a \$10,000 advance at the time of the application
 - At the end of the application (after Step 3 of 3) check “I would like to be considered for an advance of up to \$10,000”
 - Fill in the information on “Where to send the funds”
 - Complete the application
 - The Loan Advance does not have to be repaid – EVEN IF THE APPLICATION FOR THE EIDL IS DENIED
 - Turnaround time on the EIDL Loan Advance - legislation mandates 3 days

What about the other loans I am hearing about?

- Applying for this loan will not impact your ability to apply for other loans
- You CANNOT use multiple loans for the same purpose
 - Example – to pay your payroll costs
 - Can only use one of the loans
 - Can use the other loans for other purposes
- I have applied for the Paycheck Protection Program (PPP)
 - This is not a problem
 - Do not use multiple loans for the same purpose
 - You will probably receive the PPP loan quicker
 - If you are approved for the PPP and then later are approved for the EIDL loan – YOU DO NOT HAVE TO TAKE THE EIDL LOAN EVEN IF YOU ARE APPROVED!

For more information, visit the [U.S. Small Business Administration](#).

Have a question? [Contact the Birmingham Business Alliance for a rapid response](#).