SBA To Provide Economic Injury Disaster Loans For Coronavirus Related Economic Disruptions

U.S. Small Business Administration
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.)
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.

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.
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 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.
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 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.)
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.
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.
Disaster Loan Application Portal (DLAP)

DOUBLE-CLICK ON THE LINK TO ACCESS THE SITE
https://disasterloan.sba.gov/ela/

DOUBLE-CLICK APPLY ONLINE
Register

From this page you can:

1) Begin a new application by clicking on Register

2) Return to complete a started application by inputting a user name and password
Complete Registration Information

On page 1 of the registration, pay close attention to the sections with an * these sections must be completed. It is important that a good email address and cell

On page 2 of the registration you will create your unique user-name and password. When creating your security questions, make sure to use information you won’t likely forget. If your password ever requires a reset, you would need this information
Apply Online

Double Click on Business and Non Profit

Double Click on “Apply Online”
SBA Form 5 would be completed by:
- Corporations
- Partnership
- Private Non-Profit Organizations
- Limited Partnership
- Trust
- Limited Liability Entity

SBA Form 5C would be completed by:
Sole Proprietorship

Once you make your selection the system will automatically direct you to the form.
Select State /County / Disaster Declaration

Use the drop-down box and select the State and County where the loss has happened

Select the disaster declaration
Read and Electronically Agree to the Certification of Truthful Information and the Executive Orders Document.
This business type for this example is an LLC.

This page provides information on all the filing requirements necessary to have a successfully completed application.

To begin depress START
Fill in the information on this page as necessary, items with a red * are mandatory and you will not be able to advance to NEXT until these sections are completed.
Page 2 of Form 5 allows the business owner to provide information about any Partners or Affiliate Businesses.

Note: If a business is a partnership all members must listed with the % of ownership until the combined entries equal 100%

Page 3 is used for any relevant comments
Now that the application is complete, the filing requirements on this page must be submitted / uploaded to complete the process.

<table>
<thead>
<tr>
<th>Filing Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following sections are required for all loan applications. A green check mark indicates that a section has been completed. Alternate document delivery options are available if needed.</td>
</tr>
</tbody>
</table>

- Complete the *Disaster Business Loan Application* (SBA Form 5).
  - Complete Business Loan Application
- Complete, sign and date each *Personal Financial Statement* (SBA Form 413) shown below.
  - CHADWICK R NELSON
  - CRAIG BLACKLEY
- Complete each *Schedule of Liabilities* (SBA Form 2202) shown below.
  - CHADWICK G. NELSON
- Complete each *Request for Transcript of Tax Return* (IRS Form 4506-T) shown below.
  - CHADWICK G. NELSON
  - CHADWICK R NELSON
  - CRAIG BLACKLEY
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available
  - CHADWICK G. NELSON
- Read and accept the Truthful Information Certification.
  - Truthful Information Certification
  - Complete preceding section(s) first.
- Submit Application and Supporting Documents.
  - Submit Application
  - Complete preceding section(s) first.
Personal Financial Statement

You can use this form to complete your personal financial statement or upload a financial statement you already have by scanning and uploading that document.

If you indicated you have real estate you must complete this form, supplying additional information.
The applicant and any partner would need to provide information on assets and debits.
Schedule of Liabilities – SBA form 2202

Applicant would click on Schedule of Liabilities and either complete the SBA form or upload the applicant’s document.
The 4506T can be uploaded once the form is printed and signed. You would need to save a copy on your desktop, once saved browse find the document and upload.

You could also opt to deliver offline.
Electronically file 4506T

Each Applicant and Partner must submit a 4506T
Once the 4506 T is uploaded you will receive a message back indicating the transmittal was successful. Make sure all fields are complete. All partners must submit this form for their individual and business taxes.
To complete your application you must upload your most recent tax returns.

Taxes would be scanned and saved on the desktop. You would browse your desktop and then upload the tax returns.
Certificate as to Truthful Information

By certifying this application, you certify that all information in your application and submitted with your application is true and correct to the best of your knowledge, and that you will submit truthful information in the future.

WARNING: Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 636(b). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines and imprisonment; or both, under 15 U.S.C. 645, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3371, and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 31 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

☐ I Certify

Previous

Next
You can see that all filing requirements no longer say “start” what shows now is all filing requirements have been updated and the application is ready to submit.
Once the application is successfully submitted you will get this page. In the right hand corner a message indicator will appear. The message confirms submittal of the application.
Input your user-name and password to complete a started application, once in click on “Continue”
Business Losses

A Sole-Proprietor will use “Sole-Proprietor” and “Economic Injury (EIDL).
Home/Personal Losses

The Loan Application will walk you through the process. Click “Save” to save the input and click “Next” to navigate to the next page.
On the same line as the “Save” icon you also can see the “Progress” of the Disaster Loan Application.

Enter your “State” and “County”
Certification and Executive Order

Read the “Warning”, check “I Certify” then click “Next”.

Read the information, check “I have read...” then click “Next”.

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

Certification as to Truthful Information

By certifying the application, you certify that all information in your application and submitted with your application is true and correct to the best of your knowledge, and that you will submit truthful information in the future.

WARNING: Whoever wrongfully misappropriates the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one-half times the original principal amount of the loan under 15 U.S.C. 1312(b). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines and imprisonment, or both, under 15 U.S.C. 1435, 18 U.S.C. 1014; 2) fines and imprisonment or both, under 18 U.S.C. 2109(a); 3) civil or criminal sanctions, or both, under the False Claims Act, 31 U.S.C. 3729; 4) suspension or debarment from all federal procurement and non-procurement transactions; and 5) 38 U.S.C. 1014, 18 U.S.C. 1014, 15 U.S.C. 3729, and any other applicable law, 3) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 4) suspension and debarment from all federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

If you log out or close your browser now you will need to restart your application.

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Disaster Loan Application Progress

STATEMENTS REQUIRED BY LAWS AND EXECUTIVE ORDERS

Coastal Barrier Resources Act (Public Law 97-348)

Applicants whose property has been determined by the Federal Emergency Management Agency’s Flood Insurance Rate Maps (FIRM), to be in a Coastal Barrier Resource Area (CBRA), are ineligible for SBA disaster assistance due to Public Law.

The Coastal Barrier Resources Act (Public Law 97-348) prohibits federal financial assistance to applicants located in the Coastal Barrier System. Consequently, under the provisions of the law, for those applicants in the Coastal Barrier Resource Area, SBA Disaster Assistance is prohibited from making any loan for:

1. replacement or repair of physical damages or;
2. funds for economic injury loans or;
3. funds for relocation of the Coastal Barrier Resource Area.

If you are a vacationer or transient staying in the area on vacation, you may have eligibility for your personal property losses. To establish this eligibility, you will be asked to provide documentation of your presence in the area at the time of the disaster and to support that your stay was temporary in nature.

REAL ESTATE REPAIRS/Texas Homestead Law

If you intend to apply for any SBA funds to repair your home or family business, please carefully read and comply with the following. Texas law provides the following protection for “homestead” property. Homestead property includes your personal residence and, in many cases, your family business. Texas homestead laws operate to protect your property and prevent SBA funds from being used to repair or acquire your home or business property.
Filing Requirements

To continue with the application process click “Start” to complete SBA Form 5C.
Completing Form 5C - Sole Proprietor Loan Application

Fill in the information blocks and then hit next. Fields marked with a red asterisk is a required field.
Fill in the information blocks and then hit next. Fields marked with a red asterisk is a required field.
Fill in the information blocks and then hit next. Fields marked with a red asterisk is a required field.
Form 5C continued - Disclosure Statements

Fill in the information as required and then hit next.
Fields marked with a red asterisk is a required field.
Form 5C continued - Consent and Additional Comments

Read the information, check “All the information...” then click “Next”.

Additional Comments are used for clarifying or additional information.
Click “Next” to continue the process.
Fill out the Affiliated Business information then click “Save”.

To continue the process click “Next”.

Disaster Loan Application #2000003704 Progress

Affiliated Businesses

Please complete the affiliate information below for each applicant and/or owner that owns more than 50% of, or are a Managing Member or General Partner of a corporation, partnership, limited partnership, or LLC.

After you’ve entered the affiliated business information, click “Save” to add it to your list.

The names listed below are the applicants or owners that answered YES to “Do you own more than 50% or are you a Managing Member or General Partner of a corporation, partnership, limited partnership, or LLC?” If the answer was entered incorrectly for any applicant or owner, click the “Remove” button to change the answer to NO and remove them from this list.

Please enter affiliated business information for JOHN WESLEY JONES Jr.
Completing IRS Form 4506-T

Filing Requirements
The following sections are required for all loan applications. A green check mark indicates that a section has been completed. Alternate document delivery options are available if needed.

Complete the Disaster Home / Sole Proprietor Loan Application (SBA Form 5C).

- Disaster Home / Sole Proprietor Loan Application

Complete and sign each Request for Transcript of Tax Return (IRS Form 4506-T) shown below. This income information, obtained from the IRS, will help us determine your repayment ability.

JOHN WESLEY JONES Jr.

JWJ BUILDER

Read and accept the Truthful Information Certification.

Truthful Information Certification

Submit Application and Supporting Documents.

Submit Application

While not necessary to accept your application, you may be required to supply the following information to process the application. If requested, please provide within 7 days of the information request:

- If any applicant has changed employment within the past two years, provide a copy of a current (within 1 month of the application date) pay stub for all applicants.
- If we need additional income information, you may be asked to provide copies of your Federal income tax returns, including all schedules.
- If SBA approves your loan, we may require the following items before loan closing. We will advise you in writing of the documents we need.

Once you have finished the SBA Form 5C, the tax transcript information will need to be completed.
Form 4506T can be submitted electronically, via upload or offline. If the eSign option populates click through the options until the document is successfully completed. If you upload the document you would save it on your desktop, select browse and then upload.
If you chose to deliver a copy this alert will appear. And you will no longer be able to upload information. The document will have to be submitted offline.
Once you have downloaded your tax returns you can upload.

Successfully Uploaded will appear when finished. Then click “Next” to continue the process.
Filing Requirements

Once the tax returns are complete sign the final Truthful Information Statement.
Finally you can submit your application when the “Submit” icon appears.
Application Submission Confirmation

After submission you will see that your application number has been submitted.

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

Application Submission Confirmation
Application number 2000003700 has been submitted.
Please download and retain your submitted document(s) for your records.
Click here to return to your home page.

If you are finished, you can log out of the application. Logging out of the application will clear your activity from your browser’s memory. This is especially important if you use a shared or public computer.
Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

Message Center
Click on any message to view the contents. Clicking the Delete link will delete the message immediately.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Received</th>
<th>Delete</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBA Application No. 2000003700 - Submit Confirmation</td>
<td>3/14/2020 4:11:30 PM</td>
<td></td>
</tr>
</tbody>
</table>

("Home Page")

SBA.gov 3-Step Loan Process FEMA Disaster Assistance
After competing application you automatically return to the home page.

From here you can check the status of your application by clicking the “Status” icon.
Application Status

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

Application Status

Current Application Status: RECEIVED-IN REVIEW

Application Number: 2000003700
Loan Type: Home
Disaster Name: VA-00485 - 2020 AGENCY DISASTER IN VIRGINIA GEO - 1.50
Status Change Date: March 14, 2020
Status Description: We received your SBA disaster loan application and we are reviewing it to make sure you have submitted the required documents needed to process your loan request. We will contact you if you need to submit additional information in order to complete your loan application.

« Home Page

SBA.gov 3-Step Loan Process FEMA Disaster Assistance
Special Note

If you receive a message like the one below, depress “SAVE” so that you don’t lose your information.

![Image of a disaster loan application form with a warning to save data.](image)
Example of Sole Proprietorship Business /What is needed?

Types of Sole Proprietorship Businesses:
- Rental Property
- Home base businesses
- Self employed trades
- IT Consultation Services
- Tutoring
- Catering Service
- Music Instructor from the home

What is needed
- Completed Loan Application 5C
- All Filing Requirements Submitted
- Statement of Loss
- Monthly Sales
  - Submit SBA Form 1368
  - An excel worksheet with this information
  - A report from quick books

Decision: From the time a completed application is received it can take up to 21 days for a decision to be made.
FAQs as of 3/23/2020

• All COVID-19 EIDL loans will be on a 30 year term?
  • All Loans are 30 Years)

• All COVID-19 EIDL loans will be 12 months no interest and no payments?
  • 1 year payment deferment but interest starts accruing at disbursement

• Loan amounts will be for 6 months of operating expenses? Yes (can you clarify how that is calculated?)
  • Loans will be based on 6 months of operating expenses.

• Approval will be based on credit score, not cash flow analysis. Do we know what the credit score range is?
  • Partly correct, the business must demonstrate the long term ability to repay the loan, No answer on credit score due to individual circumstances, there may be justification for low scores due to the COVID-19 impact.

• Will EIDL loans be forgiven in the future? It seems Senator Lyndsay Graham made a comment to this effect and several of the advance questions we have are related to this.
  • Presently, the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, does not authorize loan forgiveness so borrowers should expect to repay EIDL loans.
U.S. Small Business Administration
Emphasis on Sole Proprietor Business