U.S. Small Business Administration

# Applying for SBA Disaster Loans (EIDL)

SBA Disaster Customer Service Center
**(800) 659-2955**
Individuals who are deaf or hard-of-hearing may call
(800) 877-8339

3/24/2020

This handout is updated daily with the most current information available.

https://www.sba.gov/offices/district/wv/clarksburg/resources/west-virginia-small-business-training-opportunitiese

# Agenda

Q & A will be held at the end of today's session.
Please hold your questions until then.

- Overview of the Emergency Injury Disaster Assistance Loan (EIDL)
- EDIL Basics, Terms, Eligibility/Ineligibility, Filing Requirements
- How to Apply
- Where to Get Assistance
- The SBA EIDL Portal – Submitting the Application
- Required Forms
- Advice and More Advice
- Slides can be found www.sba.gov/wv
- FAQs
- Q&A

# SBA's Working Capital Disaster Loans are Different from Other SBA Loans

- Funds come directly from the U.S. Treasury
- 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 Basics

## What businesses are eligible to apply?

- Small businesses
- Small agricultural cooperatives
- Small aquaculture businesses
- Most private non-profit organizations

## This includes:

- Directly affected by the disaster
- Businesses that offer services directly related to the businesses in the declaration
- Other businesses indirectly related to the industry that is 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 - acceptable to SBA
- Repayment - ability to repay the SBA loan
- Eligibility
  - Located (physical presence) within the declared disaster area
  - Have suffered, or are likely to suffer, substantial economic injury as a result of the disaster
  - Must be an independently owned and operated business
  - Do not have credit available elsewhere
  - The size of the applicant alone (without affiliates) must not exceed the size standard for the industry in which the applicant is primarily engaged
  - The size of the applicant combined with its affiliates must not exceed the size standard designated for either the primary industry of the applicant alone or the primary industry of the applicant and its affiliates, whichever is higher.

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# SBA's Economic Injury Disaster Loan Terms

## How much can I borrow?

- Up to $2 million
- Interest rates
  - Small Businesses 3.75 %
  - Most Private, Non-Profits 2.75 %
- Terms up to 30 years
- Eligibility based on the size, type of business and financial resources

## How can I use the loan funds?

- Fixed debts (rent, etc.)
- Payroll
- Accounts payable
- Some bills that could have been paid had the disaster not occurred.

# SBA's Economic Injury Disaster Loan Basics

## What kinds of small businesses can apply?

Including (but not limited to)

- Restaurants
- Retailers
- Hotels
- Manufacturers
- Owners of rental property
- Wholesalers
- Others (i.e. too many to list all of them here)

## What other criteria is involved?

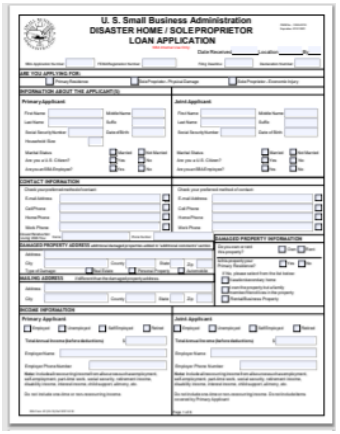
- Must have a physical presence in the declared disaster area
- Physical presence = "tangible and significant"
- P.O. Box does not qualify

# Economic Injury Disaster Loan Terms

## What are the collateral requirements?

- There is no collateral required for EIDLs under $25,000
- 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

# Basic Filing Requirements


U. S. Small Business Administration
DISASTER HOME / SOLEPROPRIETOR
LOAN APPLICATION

- SBA Loan Application (SBA Form 5 or 5C)
- Personal Financial Statement (SBA Form 413)
- Schedule of Liabilities (SBA Form 2202) Tax Information Authorization (IRS Form 4506T)
- Copies of the most recent Federal Income Tax Return(s)

**Although a paper application and forms are acceptable, filing electronically is easier, faster, and more accurate.**

# Additional Filing Requirements

## Other information that may be requested:

- Complete copy, including all schedules, of the most recent Federal income tax return for principals, general partners or managing member, and affiliates (see filing requirements for more information)
- If the most recent Federal Income Tax Return has not been filed, a year-end profit-and-loss statement and balance sheet for that tax year
- A current year-to-date profit-and-loss statement
- Additional Filing Requirements **(SBA Form 1368)** providing monthly sales figures. **This is especially important for Economic Injury Disaster Loans.**

# 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
- Complete list ineligible businesses

# Ineligible Uses of Loan

- Dividends and bonuses
- Disbursements to owners, etc. except when directly related to performance of services
- Repayment of stockholder/principal loans, except when the funds were injected on an interim basis because of the disaster and non-repayment would cause undue hardship to the stockholder/principal
- Expansion of facilities or acquisition of fixed assets

# Ineligible Uses of Loan (cont.)

- Repair or replacement of physical damages
- Refinancing long term debt
- Paying down (including regular installment payments) or paying off loans provided, or owned by another Federal agency (including SBA) or a Small Business Investment Company
- Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations
- Relocation
- Other ineligible uses available online.

SBA's Customer Service Representatives are ready to serve.

# How to Apply

- Apply online at disasterloan.sba.gov/ela

- Paper loan applications at disasterloan.sba.gov/ela/Information/PaperForms

  U.S. Small Business Administration
  Processing and Disbursement Center
  14925 Kingsport Road
  Fort Worth, TX 76155.

- SBA's Customer Service Center

  **800-659-2955**
  800-877-8339 deaf/hard-of-hearing
  disastercustomerservice@sba.gov

# 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

AMERICA'S SBDC WEST VIRGINIA

https://wvsbdc.com/

SCORE

https://wv.score.org/

# Advice

- We **STRONGLY** suggest that once you are registered, you download and/or print out the paper application, familiarize yourself with what is needed, do it manually and then submit online.

***WE WANT YOU TO HAVE A COMPLETE APPLICATION UP FRONT.***

- If the application is incomplete, it will be set aside. You will be notified what is missing, but YOU FALL BACK IN THE QUEUE.

- 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.

# Advice (Cont.)

- 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.
- Do not second guess the process and ignore the "credit elsewhere" statement.
- For Phase I processing, only losses of six months or less are eligible for the more expedited type of loan processing. Make sure you provide a specific loan amount on the application as an additional note.
- Make sure you request a specific loan amount; input this into the comments section.

**When in doubt, apply!**

# Applying for SBA Disaster Loans (EIDL)

Click on the link below, or copy and put it in your browser:

- https://disasterloan.sba.gov/ela/

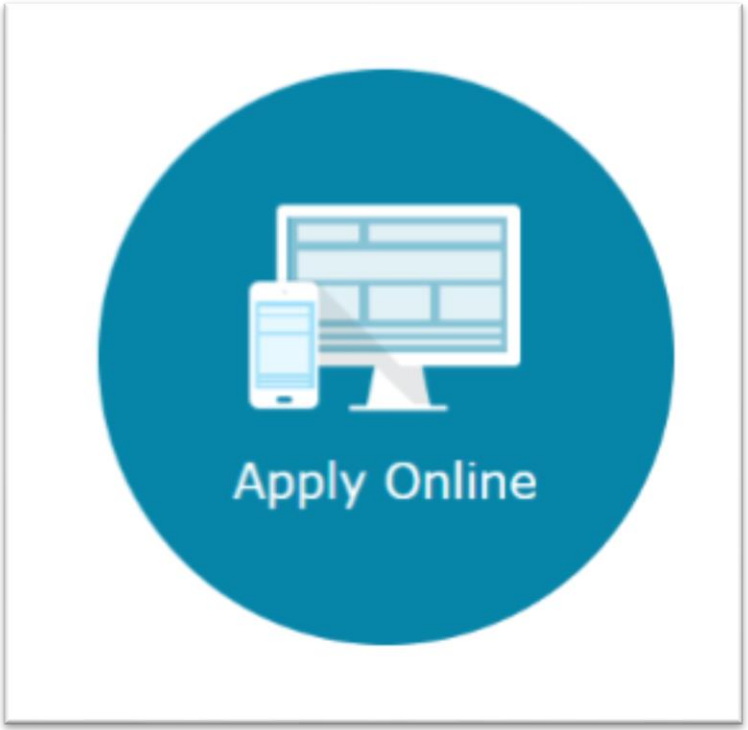
Then, follow the instructions on the slides.

# Disaster Loan Application Portal (DLAP)

# Register

U.S. Small Business Administration
Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters
Login
Register
Password Reset
Disaster Loan Assistance - Login
*User Name
User Name
*Password
Password
Login
System Requirements
The recommended browser is Internet Explorer 10 or later.
• If you have dial-up Internet service, you may experience delays.
This is a Federal computer system and is
(authorized or unauthorized) have no exp
stored on this system, including e-mail,
devices and output media) and all files o
copied, audited, and/or inspected by au
General (OIG), and/or other law enforcem
foreign.
Access or use of this computer system
interception, monitoring, reading, capturi
authorized SBA personnel, law enforcem
both domestic and foreign. Unauthorized

# Apply Online



# Business Type

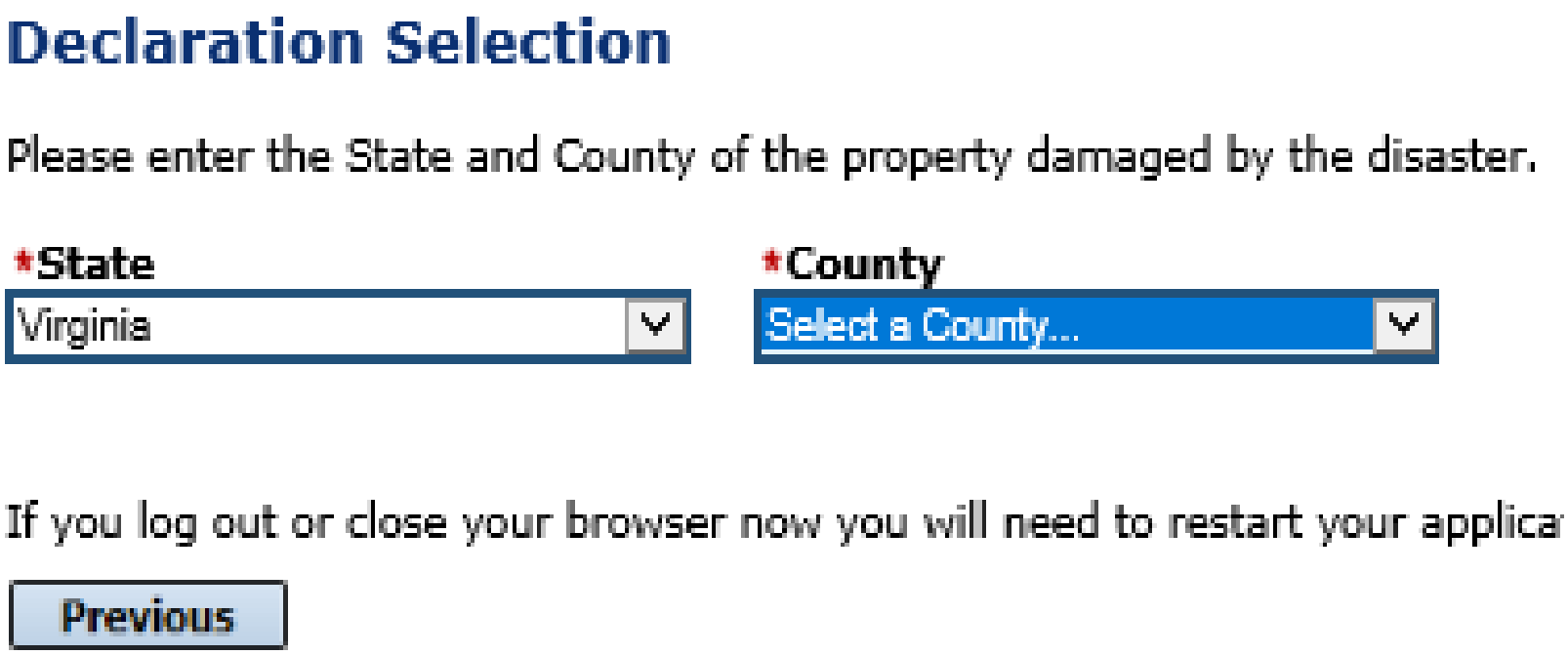
* **Please select the type of organization that best describes your business**

- ○ Sole-Proprietor *(including individuals with income properties)*
- ○ Corporation
- ○ Partnership
- ○ Private Non-Profit Organization *(e.g. religious, charitable, community organiz*
- ○ Limited Partnership
- ○ Trust
- ◉ Limited Liability Entity *(LLC, LLP, etc.)*

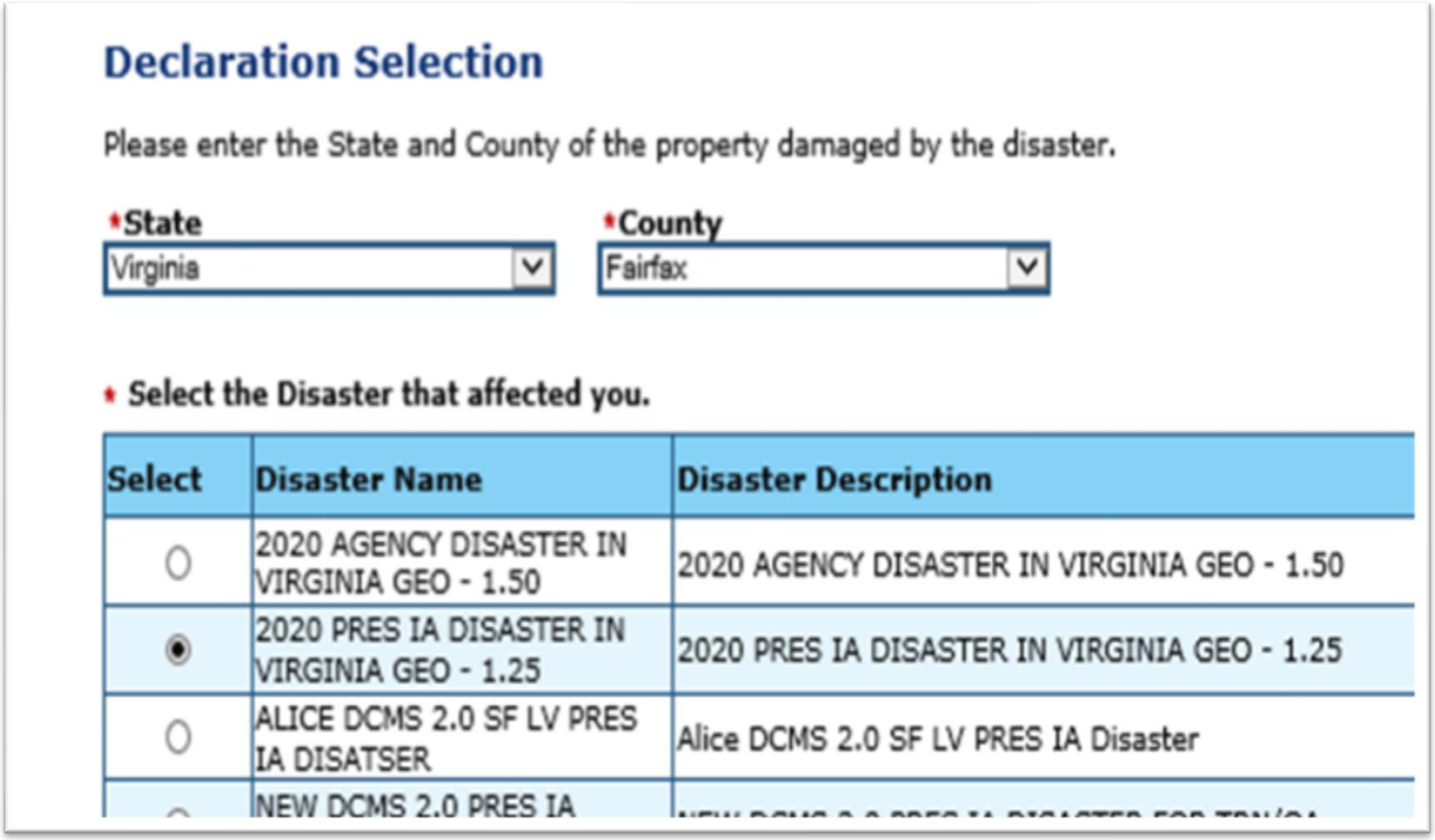
* **Are you applying for: (check all that apply)**

- ☐ Real Property *(including Leasehold Improvements)*
- ☐ Business Contents *(Machinery & Equipment, Furniture & Fixtures, and Other*
- ☑ Economic Injury *(EIDL)*
- ☐ Military Reservist Economic Injury *(MREIDL)*

# Select State /County / Disaster Declaration



# Select This Disaster Declaration



## Declaration Selection

Please enter the State and County of the property damaged by the disaster.

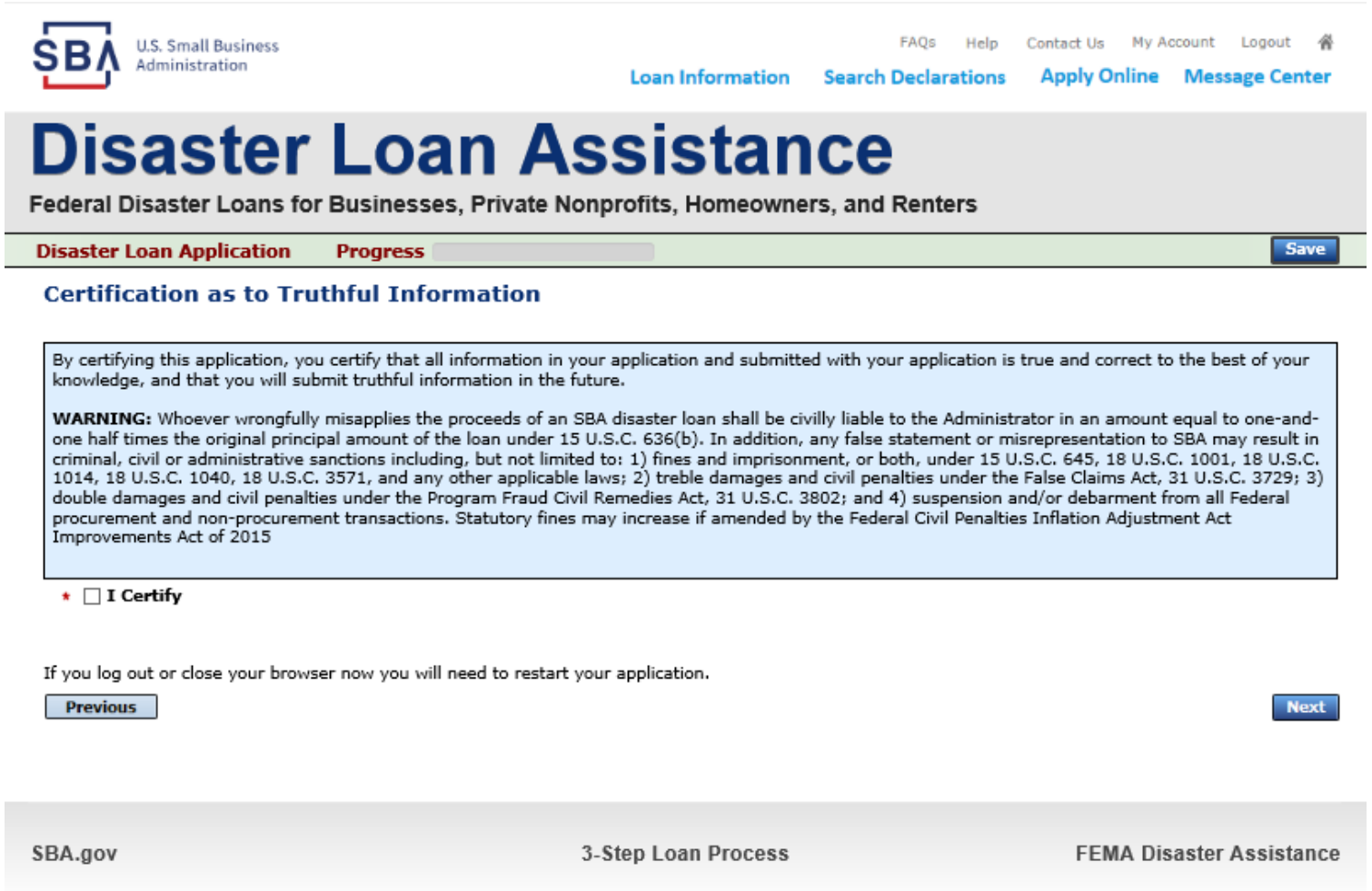
*State: Virginia

*County: Fairfax

* Select the Disaster that affected you.

| Select | Disaster Name | Disaster Description |
|---|---|---|
| ○ | 2020 AGENCY DISASTER IN VIRGINIA GEO - 1.50 | 2020 AGENCY DISASTER IN VIRGINIA GEO - 1.50 |
| ◉ | 2020 PRES IA DISASTER IN VIRGINIA GEO - 1.25 | 2020 PRES IA DISASTER IN VIRGINIA GEO - 1.25 |
| ○ | ALICE DCMS 2.0 SF LV PRES IA DISATSER | Alice DCMS 2.0 SF LV PRES IA Disaster |
| ○ | NEW DCMS 2.0 PRES IA | |

# Complete Certifications



# Start Application – Form 5

## 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 Business Loan Application*** *(SBA Form 5)*.

**Disaster Business Loan Application** — Start

Complete, sign and date each ***Personal Financial Statement*** *(SBA Form 413)* shown below.

**Personal Financial Statement** — *Complete preceding section(s) first.*

Complete each ***Schedule of Liabilities*** *(SBA Form 2202)* shown below.

**Schedule of Liabilities** — *Complete preceding section(s) first.*

Complete each ***Request for Transcript of Tax Return*** *(IRS Form 4506-T)* shown below.

# Form 5 – Pages 2 and 3

## Questions

- Partners/Affiliates
- Bankruptcy
- Outstanding judgements
- Criminal offense re civil disorder/riot
- Had another federally guaranteed loan
- Delinquent on federal taxes
- Work for SBA
- Debarred

# Paper Forms for Comparison

**SBA Disaster Business Loan Application** (paper forms)
Below are instructions for the SBA Disaster Business Loan Application (paper forms). Please see attachments below to download corresponding forms.

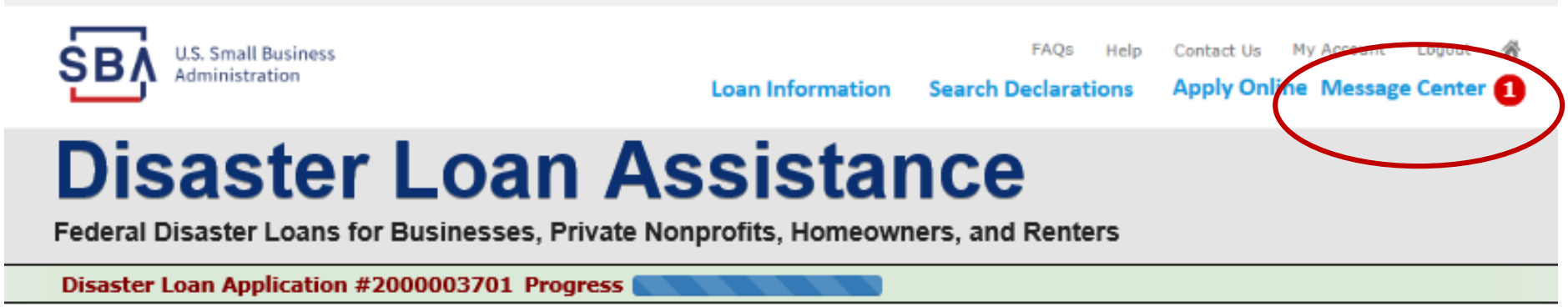
- SBA Form 5
- SBA 159D
- SBA Form 1368
- SBA Form 413D Personal Financial Statement
- IRS Form 4506-T
- IRS Form 4506-T Instructions
- SBA Form 2202 Schedule of Liabilities
- SBA Form 2202 Schedule of Liabilities Instructions

# Required to Upload During the Application Process

- Tax Returns for 2018

- Any forms you've chosen to download, physically sign, and upload again.

# Application Successfully Submitted



# Trouble Uploading?

- Change browsers, wait… and try again.
- Email to: disasterloans@sba.gov
- Mail to:

  U.S. Small Business Administration

  Processing and Disbursement Center

  14925 Kingsport Road

  Fort Worth, TX 76155

# Final Advice

- If you are having trouble with getting in, i.e. it is not recognizing the county and/or state:
  - Make sure you entered your type of business AND clicked on EIDL ***only*** under the “Are you applying for” section.
  - Otherwise, please give it a time and try again. The Office of Disaster Assistance is moving as fast as it can, but each state and individual county needs to be entered.
- Take your time and make sure the application is complete. We are here to assist where we can, but given the district’s limited staffing, we can’t run through an entire application with every (state/district) small business owner. We are working with the state and our partners to provide as much in-depth help as we can.

# Final Advice (cont.)

- For assistance contact SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov
- Get step by step on-line instructions HERE
- Check our webpage for additional updates and training sessions as this continues, www.sba.gov/WV

Sincerely,

Karen Friel, District Director and all the
West Virginia District Office Staff

# FAQ

**How long will it take to know if I am approved for a loan?**

We are processing applications as soon as possible.

**Does SBA have any grants available to small businesses?**

No. Our disaster assistance is in the form of federal low-interest, long term loans.

**Can SBA refinance my loans or mortgages?**

SBA economic injury disaster loan funds cannot be used to refinance pre-existing debt.

# FAQ

**I have an existing SBA Disaster Loan from a previous disaster, what are my options?**

Borrowers of home and business disaster loans from previous disasters that are still being payed back will now have their payments deferred through the end of 2020. This deferral will be automatic, and borrowers of previous home and business disaster loans do not have to contact SBA to request this deferment.

**What banks are authorized to offer these economic injury disaster loans?**

SBA offers direct loans through its Economic Injury Disaster Loan program. Traditional SBA backed loans are still available via banks as well. To find an SBA-approved lender, visit sba.gov/lendermatch.

# FAQ

**Our nation now has a declared national emergency; why is the funding only for no-credit elsewhere firms?**

Currently, SBA is limited by statute to only provide loans to small businesses that do not have access to credit elsewhere.

**I understand $2M is the limit a small business can get. Is this enough to keep them afloat?**

Every small business is unique, and SBA's Economic Injury Disaster Loans are available to be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact. The first payment on the economic injury loan issued due to the coronavirus will be automatically deferred for one year.

# FAQ

**How does a business define an impact and/or loss for this? Is there a percentage, dollar amount, etc.?**

A business needs to define its loss in comparison to its 2019 operations/financials. Losses will be compared to the effective incident period starting on January 31, 2020. Just a loss needs to be reported; there is no threshold of a percentage or dollar amount.

# FAQ

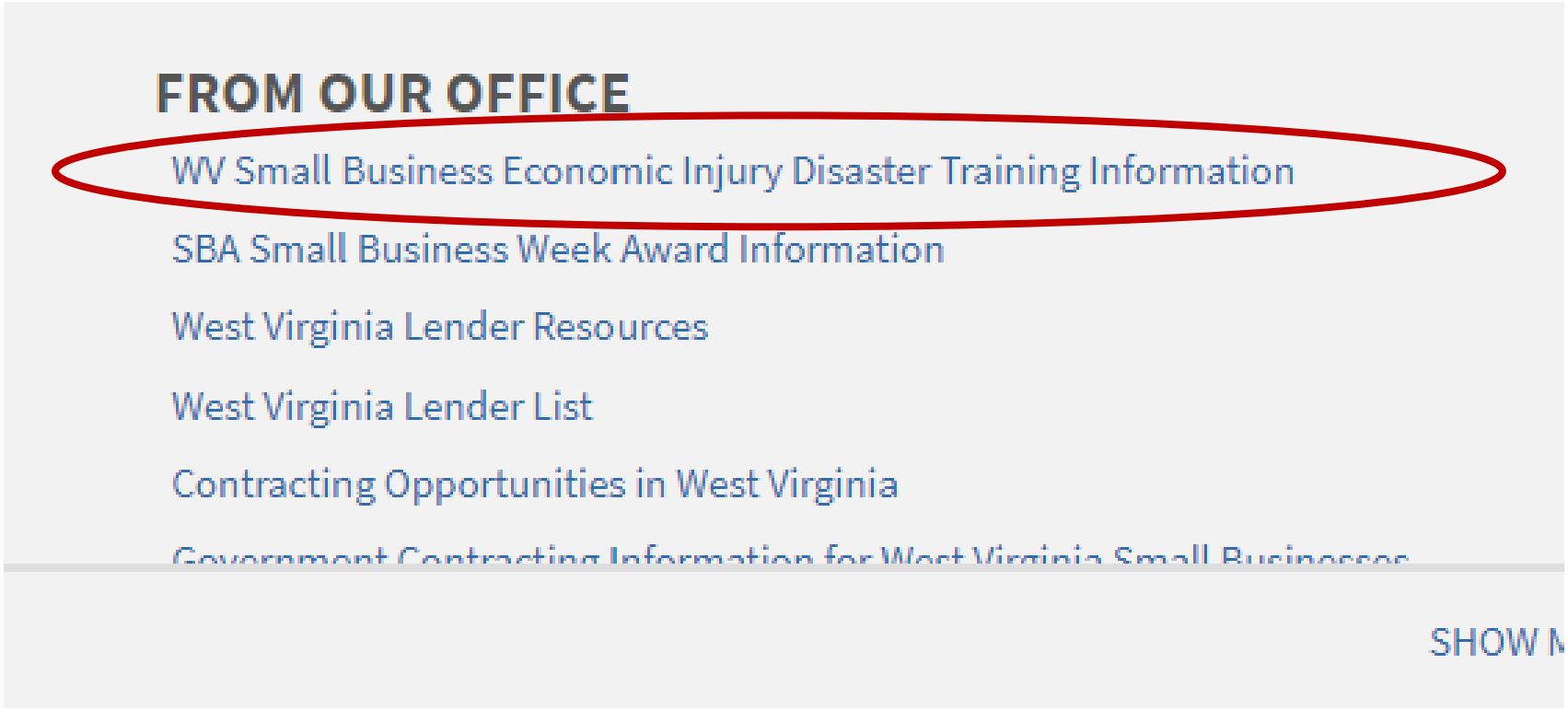
**If a business currently has an SBA-backed loan and it fears it will not be able to make the payments, what course of action should it take?**

Borrowers of home and business disaster loans from previous disasters that are still being payed back will now have their payments deferred through the end of 2020. This deferral will be automatic, and borrowers of previous home and business disaster loans do not have to contact SBA to request this deferment.

SBA is granting small businesses who receive an Economic Injury Disaster Loan due to the coronavirus an automatic one-year deferment period before they are required to start making payments. Small businesses with other SBA-backed loans should first talk to their SBA lender about potential deferments of loan payments.

# West Virginia District Office

# sba.gov/wv


FROM OUR OFFICE
WV Small Business Economic Injury Disaster Training Information
SBA Small Business Week Award Information
West Virginia Lender Resources
West Virginia Lender List
Contracting Opportunities in West Virginia
SHOW M

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

U.S. Small Business Administration

West Virginia District Office
wvinfo@sba.gov
www.sba.gov/wv