

U.S. Small Business Administration Economic Injury Disaster Loans

This is the current SBA Economic Injury Plan. Congress is working on a major financial support package for the U.S. economy that could expand this program. We are monitoring the situation and will update this information as soon as any new legislation passes.

Small businesses impacted by the coronavirus pandemic are eligible for Small Business Administration (SBA) Economic Injury Disaster Loans of up to \$2,000,000. These loans are to provide working capital to help get through these difficult times. The funds may be used for fixed debts, payroll, accounts payable and other bills that can't be paid due to the disaster's impact. Funds cannot be used to refinance existing long-term debt.

Here are the basics:

- Funded directly by the US Treasury
- Deadline for applying – December 16, 2020
- Loan amount - up to \$2,000,000
- Interest rate “for profit” entities - 3.75% fixed
- Interest rate “nonprofit” entities - 2.75% fixed
- Term – up to 30 years
- Payments start 5 months after funding
- No fees, points or closing costs
- No prepayment penalty
- Borrowers must be “creditworthy” and have no other financing means available to them
- Collateral required, if available, for loans over \$25,000; if no collateral, apply anyway
- Personal guarantees required

Small businesses including agricultural co-ops, aquaculture businesses and non-profits are eligible. Wondering if your business qualifies as a ‘small business?’ Check the SBA size standards table [HERE](#).

While you can complete the application – form SBA 5 – either by mail or online, we recommended applying online.

Online Application - <https://disasterloan.sba.gov/ela>

Paper Application (print, complete, and mail)- <https://disasterloan.sba.gov/ela/Information/PaperForms>

Submitting a complete application will expedite processing. According to the SBA, processing time is typically is 25-35 days, although with the expected volume of applications, the wait time may increase. Obviously, incomplete applications will definitely take longer. What information is required, you ask? Here's a list from the SBA:

- Business Loan Application ([SBA Form 5](#)) completed and signed by business applicant. Make sure you check the “Economic Injury” box on this form.
- IRS Form 4506-T, Disaster Request for Transcript of Tax Return, completed and signed by Applicant business, each principal owning 20% or more of the applicant business, each general partner or managing member and, for any owner who has more than a 50% ownership in an affiliate business.
- Complete copies, including all schedules, of the most recent Federal income tax returns for the Applicant business; if your return is not available please provide an explanation.

- Personal Financial Statement (you can use [SBA Form 413](#)) completed, signed and dated by the applicant (if a sole proprietorship), each principal owning 20% or more of the applicant business, each general partner or managing member.
- Schedule of Liabilities listing all fixed debts (you can use [SBA Form 2202](#) or provide your own schedule).

In addition to the above, the SBA may require other information to process your application. We recommend submitting the information listed below with your application.

- ✓ Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20% or more of the applicant business, each general partner or managing member, and each affiliate when any owner has more than a 50% ownership in the affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management.
- ✓ 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 is acceptable.
- ✓ A current year-to-date profit and loss statement.
- ✓ Additional Filing Requirements ([SBA Form 1368](#)) providing monthly sales figures.

Confused? Have questions? Our team can help. Contact us at (408) 287-7911 for more information or to schedule a Skype/Phone/Zoom appointment.