

# 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?**

- Small businesses
- small agricultural cooperatives
- small aquaculture businesses
- non-profit organizations

## **Must be:**

- directly affected by the disaster
- located in the disaster area which includes all of Ohio

# SBA's Economic Injury Disaster Loan Terms

## How much can I borrow?

Up to \$2 million.

3.75% for small business

2.75% for NFPs

## Term

1 year deferred payment

Up to 30 year term/amortization

## How can I use the loan funds?

- Fixed debt payments
- payroll
- accounts payable
- other bills

### But not:

- ✗ Dividend payments
- ✗ Disbursements to owners
- ✗ Repayment of stockholder loans except as a result of the disaster
- ✗ Facility expansion
- ✗ Refinance of long term debt
- ✗ Physical damage
- ✗ Payment of federal debt

# Economic Injury Disaster Loan Terms



## What are the collateral requirements?

- Real estate preferred on loans over \$25,000.
- On loans under \$25,000, a personal guarantee but not collateral is required.
- **Lack of collateral is not a reason for decline.**

# Basic Filing Requirements

- Application (Form 5 or 5C)
- ODA Form P-019 (03-2020)
- IRS 4506T for the applicant, principals and affiliates.
- Business Federal Income Tax Return
- Schedule of Liabilities (SBA Form 2202).
- Personal Financial Statement (SBA Form 413D).
- SBA Form 1368 (Monthly Sales Tracking)

# Additional Filing Requirements

## Other information that may be requested:

- Personal Tax Returns for all principals.
- Year-end financial statements
- Interim (Current) P&L

# Ineligible Entities

**What are some of the businesses that are ineligible for an Economic Injury Disaster Loan?**

Farms

Gambling Concerns

Casinos & Racetracks

Speculative Entities

SBA Loan Packagers

Lobbyists

Real Estate Developers

Concerns that have credit available elsewhere



# How to Apply

**SBA's Customer Service Representatives are ready to serve.**

- <https://covid19relief.sba.gov/#/>.
- *Paper loan applications can be downloaded from [www.sba.gov/disaster](http://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.*
- SBA's Customer Service Center at 800-659-2955 can provide applications. [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

# **Submit a COMPLETE Application As Soon As Possible**

MISSING INFORMATION IS THE BIGGEST CAUSE OF DELAY

# FAQ

- *Are startups eligible?* → Yes.
- *How much should I ask for?* → SBA will determine based on needs.
- *How do I demonstrate losses?* → Consider your fixed expenses.
- *What if I don't have enough collateral?* → Collateral is not a reason for decline.
- *What do I need to do with my bank?* → Nothing, this is a direct loan. However, you should be in contact with them about your situation.
- *How much does this cost?* → No fees, but documentary costs may apply in some cases, for example when collateral is required.
- *Is there a prepayment penalty?* → No.
- *I have a LOC available. Is that credit elsewhere and am I eligible?* → If you have been adversely impacted by the crisis and are concerned about making your payments, we want you to apply.

## **SBA Cleveland District Office & Ohio Small Business Development Center at Terra State Community College**

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