



Development
Services Agency



SBA Economic Injury Disaster Loan Process

SBA Disaster Loan Assistance Application Now Open

Criteria for 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.

The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms determined on a case by case basis.

All applications can be started online by going to: <https://disasterloan.sba.gov>

Business owners who want to apply for these loans should begin by reviewing the information as outlined below. Paper applications can be submitted but this will slow the process considerably.

For Sole Proprietor:

[https://disasterloan.sba.gov/ela/Documents/Disaster%20Home%20Loan%20Application%20\(SBA%20Form%205c\).aspx](https://disasterloan.sba.gov/ela/Documents/Disaster%20Home%20Loan%20Application%20(SBA%20Form%205c).aspx)

For LLC, Corporation, Not for Profit, and Limited Partnership: <https://www.sba.gov/document/sba-form-5-disaster-business-loan-application> LLC Filings must provide an operating agreement which identifies the managing partner. If this is a single member LLC then the owner is automatically the Managing Partner

- Tax Information Authorization (IRS Form 4506T) for the applicant, principals and affiliates. <https://www.irs.gov/pub/irs-pdf/f4506t.pdf> this allows SBA to obtain tax records from the IRS.
- Complete copies of the most recent Federal Income Tax Return.
- Schedule of Liabilities (SBA Form 2202). <https://www.sba.gov/sites/default/files/2019-09/2202%20Schedule%20of%20Liabilities.pdf> this must include all short term and long term liabilities.
- Personal Financial Statement (SBA Form 413). <https://www.pdfFiller.com/jsfiller-desk18/?projectId=419368742#5361a54b989cbc9ce27ffba5c34628dc> This form must be provided by all partners.

Other Information may also 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.

https://www.sba.gov/sites/default/files/serv_da_all_loanapp_5_0.pdf

This must be accompanied by at least a 6 month financial projection or revenue document.

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.

Other options to consider:

Ask for deferred payments to banks and creditors: Businesses should ask for a payment deferral (interest only or otherwise) before applying for additional credit (if possible). Banks have the ability to defer SBA guaranteed loans under their unilateral authority. The decision to defer is ultimately up to the bank. Any business, especially those with notes, should have a conversation with their banker. The structure of the deferment (interest only or full deferment) is up to the bank. The payment history/status of commercial notes are not normally reported to the credit reporting agencies and most don't unless there's a default.

As always proactive communication from both parties provides for better overall outcomes.

Make significant changes to your operations. Monitor all expenditures and try to encourage receivable collections when possible.

All business owners need to remember the basic premise of business: CASH IS KING. Cash will be needed to allow the business to rebound when conditions stabilize.