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SBA Economic Injury Disaster Loans Due to COVID-19 FAQs

Legal Update

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The U.S. Small Business Administration (SBA) announced that Economic Injury Disaster Loans (EIDLs) are now available to small businesses impacted by COVID-19 in many states, including Minnesota, North Dakota and Iowa. Below is a list of frequently asked questions and answers concerning eligibility, potential terms, the application process, other relevant information and helpful links.

Who is eligible to receive an SBA EIDL?

Answer: Small businesses, private non-profit organizations of all sizes, small agriculture cooperatives and small aquaculture enterprises that have been impacted by COVID-19 since January 31, 2020, may be eligible to receive an EIDL loan through the SBA.

Keep in mind that when applying for an EIDL, affiliation rules under the Small Business Act affect eligibility and may require a small business to aggregate its employees and the employees of all other companies the business controls or has the power to control.

Applicants who haven't complied with the terms of previous SBA loans may not be eligible, including borrowers who didn't maintain required flood insurance and/or hazard insurance on previous SBA loans.

Use the SBA size calculator to determine if your business meets the size standards of small businesses.

What am I eligible for with an SBA EIDL?

Answer: Those who qualify are eligible for an EIDL loan of up to \$2 million to meet financial obligations and operating expenses due to the impact of COVID-19.

- Loans may be used to pay fixed debts, payroll, accounts, payable and other bills that cannot be paid due to the COVID-19 pandemic.

- Interest rate for small businesses is 3.75 percent while the interest rate for private non-profit organizations is 2.75 percent.
- Loan terms may be up to a maximum of 30 years.
- If the applicant has applied for grants or other assistance programs, it would be prudent for the applicant to determine and understand how approval of an SBA EIDL may affect eligibility for these other programs.

How do I apply for an SBA EIDL?

Answer: The fastest way to apply is by registering or logging in and filling out an online application. Note that the SBA website is experiencing high volumes of traffic and the website may be slow. Non-peak hours are between 7 p.m. and 7 a.m. EDT. Some users have also experienced issues using Google Chrome. Use an alternate browser if you can.

- In order to be eligible, applicants must have a credit history that is acceptable to the SBA, and applicants must demonstrate their ability to repay the loan. Collateral is required for all EIDLs over \$25,000. While the SBA will not decline a loan for lack of collateral, it will require the borrower to pledge collateral that is available.
- Forms that you will need to submit:
 - Business loan application (SBA form 5) completed and signed by applicant
 - IRS form 4506-T completed and signed by applicant
 - Complete copies including schedules of most recent federal income tax return for business. If one is not available, an explanation is required.
 - Personal financial statement (SBA form 413) completed and signed by applicant
 - Schedule of liabilities listing all fixed debts (SBA form 2202 may be used for this).
- Other documentation you may need to provide:
 - If most recent tax return has not yet 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.
- Work with your loan officer and case manager for assistance in submitting all proper documentation.
- **The application deadline is December 21, 2020.**

For additional information on requirements, eligibility and how to apply for SBA EIDLs, see the helpful link below.

- List of states with approved SBA declarations (current as of March 21, 2020)

You can register for an SBA webinar on EIDLs by browsing the SBA events page.

SBA contact information:

- SBA Customer Service Center: (800) 659-2955 or email at disastercustomerservice@sba.gov
- Individuals that are deaf or hard of hearing should call (800) 877-8339

Minnesota

- Assistance is available in entire state of Minnesota and contiguous surrounding counties in Iowa, North Dakota, South Dakota and Wisconsin.
- Helpful Links:
 - Minnesota Department of Employment and Economic Development
 - SBA disaster

North Dakota

- Assistance is available in entire state of North Dakota and contiguous surrounding counties in Minnesota, Montana, and South Dakota.
- Helpful Links:
 - SBA disaster
 - North Dakota state website

Iowa

- Assistance is available in entire state of Iowa and contiguous surrounding counties in Illinois, Minnesota, Missouri, Nebraska and South Dakota.
- Helpful Links:
 - SBA disaster
 - Office of the Governor