

# SBA Financial Assistance Guidance

Alloy Silverstein Presents a Guide for Small Businesses Experiencing Hardship and Losses During COVID-19.

## What is an Economic Injury Disaster Loan?

**An SBA EIDL is a low-interest, long-term disaster loan offered as an affordable and fast financing option for individuals and businesses to recover from declared disasters.**

The purpose during the COVID-19 pandemic is to provide vital economic support to help small businesses overcome temporary loss of revenue.

The loan is available to businesses of all sizes and non-profit organizations to pay **fixed debts, payroll, accounts payable** and **other bills** that can't be paid because of the disaster's impact. It is also for homeowners and renters to repair or replace uninsured/underinsured disaster damaged property.

## Who can apply and what can it be used for?

## What are the financing terms?

EIDLs offer up to \$2 million in assistance that can be paid back up to a maximum of 30 years (*determined on a case-by-case basis*). **The interest rate is 3.75% for small businesses and 2.75% for non-profits.**

An emergency \$10,000 initial grant is available to support certain expenses. SBA determines the amount of the loan. A personal guarantee and/or collateral may be required for over a certain amount.

## How to Apply:

### STEP ONE:

#### 1 Apply for Loan

- Apply by mail, online at **disasterloan.sba.gov**, or in-person at a disaster center.
- Small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, or private non-profit organizations can apply for up to \$2M for economic injury.
- Businesses of any size can apply for up to \$2M for physical damage.
- Small businesses can apply for a maximum \$2M loan for both economic injury AND physical damage.

### STEP TWO:

#### 2 Verification and Loan Decision

- SBA reviews your credit then performs an inspection to verify losses.
- SBA verifier will estimate total physical loss to damaged property.
- Loan officer will determine your eligibility after reviewing your insurance/other recoveries.
- Decision is made in 2-3 weeks. The loan officer may ask for additional information.
- Loan officer will contact you to discuss next steps. You will be advised in writing of all loan decisions.

### STEP THREE:

#### 3 Loan Closing & Funds Distributed

- SBA will prepare and send Loan Closing docs for your signature.
- After signing, an initial disbursement will be made within 5 days:
  - › **\$25,000** for physical damage
  - › **\$25,000** for economic injury (*in addition to physical damage*)
- An assigned case manager will help you meet all loan conditions and schedule subsequent disbursements.
- Your loan may be adjusted after closing due to changing circumstances (i.e. reduced due to additional insurance proceeds)

## Supporting Documents You May Need:

- Business Loan Application (SBA Form 5) completed and signed by business applicant.
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available.
- IRS Form 4506-T 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. (*Affiliates include business parent, subsidiaries, and/or businesses with common ownership or management*).

- Personal Financial Statement (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 (SBA Form 2202 may be used).
- 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.
- Current year-to-date profit and loss statement.

- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.
- 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 business parent, subsidiaries, and/or businesses with common ownership or management*).