

APPLYING FOR SMALL BUSINESS ADMINISTRATION LOANS

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The U.S. Small Business Administration (“SBA”) has made funds available to help small businesses and private non-profit organizations affected by the COVID-19 outbreak.

An Economic Injury Disaster Loan from the U.S. Small Business Administration is an importance source of capital available to small businesses and non-profits during the COVID-19 outbreak. Governor Christopher Sununu of New Hampshire and Governor Charlie Baker of Massachusetts are among the first governors in the nation to work with the SBA to provide economic assistance to small businesses and private non-profits affected by COVID-19. Consider whether you are eligible to apply to the SBA for an economic injury disaster loan (“EIDL”) on behalf of your small business or non-profit origination.

What is an economic injury disaster loan and how do I apply for one?

An EIDL is a low-interest, long term working capital loan from the SBA. It is intended to provide necessary operating funds to enable eligible businesses and non-profits to overcome the financial impact of a declared disaster such as COVID-19. The SBA can provide up to \$2 million to help a small business or non-profit meet its financial obligations and operating expenses that it could have met, had the disaster not occurred. The interest rate on an EIDL will not exceed 4 percent per year. The repayment term will depend on your ability to repay the EIDL but will not exceed 30 years.

How do I apply for an EIDL?

The SBA has a 3-step process for EIDL applications.

I. Apply for the Loan.

The SBA is accepting EIDL applications online, at local disaster centers, and by mail. With social distancing measures in place, it is advisable for applicants to submit applications online, which is the fastest method to receive a decision about EIDL eligibility. Applications are available online at the SBA’s secure website (<https://disasterloan.sba.gov/ela/>).

Applicants must submit a completed, signed loan application, together with the following information:

- i. Tax Information Authorization (Internal Revenue Service (“IRS”) Form 4506-T). Form 4506-T gives permission for the IRS to provide the SBA your business or non-profit’s tax return information. Form 4506-T must be signed by the applicant and any person owning 20% or more of the applicant business, each general partner of a partnership, or managing member of a limited liability

- company, and any owner who has more than a 50% ownership in an affiliated business.
- ii. Complete copies, including schedules, of the applicant's most recent Federal income tax return or an explanation if the return is not available. 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.
 - iii. A personal financial statement completed, signed and dated by the applicant for each person owning 20% or more of the applicant business, each general partner of a partnership, or managing member of a limited liability company.
 - iv. A schedule of liabilities listing all fixed debts of the applicant business.

The SBA may request additional information to process your application.

II. The Loan Processing Decision is made by the SBA.

Once you have submitted an application, a loan officer will work with you to make a determination about your eligibility. The SBA aims to provide a decision on your application within 2 to 3 weeks and advises applicants of all decisions in writing. In determining your eligibility, your loan officer will consider a variety of factors, including the following.

- First and foremost, an applicant must have experienced a substantial economic injury caused by the COVID-19 outbreak. Is your business or non-profit unable to meet its financial obligations and pay its ordinary and necessary operating expenses due to the COVID-19 outbreak, for the period beginning on January 31, 2020?
- The SBA will review your business or non-profit's credit before verifying your losses. Are you able to obtain credit from a source other than the SBA? Assistance is available only when the SBA determines that the applicant is unable to obtain credit elsewhere.
- Your loan officer will consider any insurance available to you. However, just because you have insurance, or you have an insurance recovery pending does not mean that you are not eligible for an EIDL. The SBA can make an EIDL while an insurance recovery is pending.

III. The SBA Loan closes and funds are disbursed.

If your application is approved, the SBA will prepare loan closing documents. Once you sign them, an initial disbursement will be made within 5 days. You will be assigned a case manager who will work with you to meet the conditions of your EIDL and schedule subsequent disbursements until you have received the full amount of your EIDL. The SBA can adjust your EIDL post-closing, with the ability both to increase the loan due to your unexpected losses or reduce the loan due to your receipt of additional insurance proceeds, for example.