

# ECONOMIC INJURY DISASTER LOANS & GRANTS

## IN RESPONSE TO CORONAVIRUS (COVID-19)

### WHAT LOANS ARE AVAILABLE?

If you have suffered substantial economic injury as a result of Coronavirus (COVID-19) and are a small business (or non-profit) located in a [declared disaster area](#), you may be eligible for an SBA Economic Injury Disaster Loan (EIDL).

Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster.

### WHO QUALIFIES?

- Businesses directly affected by the disaster
- Businesses that offer services directly related to the businesses in the declaration
- Other businesses indirectly related the industry that are likely to be harmed by losses in their community (Example: Manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product.)
- The applicant business must have a physical presence in the declared disaster area. An applicant's economic presence alone in a declared area does not meet this requirement. The physical presence must be tangible and significant. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.

### WHO IS INELIGIBLE?

- Agricultural Enterprises -If the primary activity of the business (including its affiliates) is as defined in Section 18(b) (1) of the Small Business Act, neither the business nor its affiliates are eligible for EIDL assistance.
- Religious Organizations
- Charitable Organizations
- Gambling Concerns (Ex: Concerns that derive more than 1/3 of their annual gross revenue from legal gambling activities)
- Casinos & Racetracks

### LOAN AMOUNTS

- Up to \$2 million - loan amount is based on 50% of the gross profit margins
- Phase 1 - up to \$500 thousand (additional information will be required for higher dollar amounts)
- Loan amounts will also be based on the actual economic injury and the company's financial needs, regardless of whether the business suffered any property damage

### INTEREST RATES & LOAN TERMS

- The interest rates for this disaster are 3.75% for small businesses and 2.75% for nonprofits
- Terms up to 30 years
- No payments required for the first 11 months

### ELIGIBLE USES OF FUNDS

These working capital loans may be used to pay the following:

- Fixed debts
- Payroll
- Accounts payable
- Other bills that could have been paid had the disaster not occurred

### INELIGIBLE USE OF FUNDS

- The loans are not intended to replace lost sales or profits or for expansion, or for refinancing of existing debt

### CRITERIA FOR LOAN APPROVAL

- Applicants must have a credit history acceptable to SBA
- SBA must determine the applicant business has the ability to repay the loan

### COLLATERAL REQUIREMENTS

- Economic Injury Disaster Loans over \$25,000 require collateral
- Personal guarantees of any 20% or more owner(s)
- SBA takes real estate as collateral when it is available
- SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available

### HOW TO APPLY

- Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at [DisasterLoan.sba.gov](https://DisasterLoan.sba.gov)

### BASIC FILING REQUIREMENTS

- Completed SBA loan application ([SBA Form 5](#))
- Tax Information Authorization ([IRS Form 4506T](#)) for the applicant, principals and affiliates
- Complete copies of the most recent Federal Income Tax Return (if not yet filed, provide a year-end profit and loss statement and balance sheet)
- Schedule of Liabilities ([SBA Form 2202](#))
- Personal Financial Statement ([SBA Form 413](#))
- Monthly sales figures ([SBA Form 1368](#))
- Other Information may also be requested

### HOW ARE THESE LOANS DIFFERENT?

- SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury
- Applicants do not go through a bank or CDC to apply. Instead they apply directly to SBA's Disaster Assistance Program
- There is no cost to apply
- There is no obligation to take the loan if offered
- The maximum unsecured loan amount is \$25,000
- Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated.



*In the past SBA tried to process submitted applications within 2 weeks. However, with the entire country involved, we do not know if they will be able to maintain that turnaround time.*

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### **WHAT ARE EIDL GRANTS?**

EIDL Grants provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL).

### **HOW DO I GET A GRANT?**

To access the advance, you first apply for an EIDL and then request the advance.

### **DOES THE GRANT HAVE TO BE REPAID?**

The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

### **HOW LONG ARE EIDL GRANTS AVAILABLE?**

January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.

### **IF I GET AN EIDL LOAN AND/OR EIDL GRANT, CAN I GET A PAYCHECK PROTECTION PROGRAM (PPP) LOAN?**

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

