SBA Economic Injury Disaster Loan Checklist

The U.S. Small Business Administration is offering low-interest federal disaster loans for qualifying businesses suffering economic damage due to Coronavirus (COVID-19). Provided through the SBA’s Economic Injury Disaster Loan Program, these long-term, working capital loans are aimed at supporting small businesses through the disaster recovery period as a result of COVID-19. While the program is open until June 30, 2020, the government is advising borrowers to apply as soon as possible given the loan cap on the program. Here’s what you need to know about these loans and how to apply.

Need To Know

- Applicants must have a credit history acceptable to the SBA.
- Applicants must show the ability to repay the loan.
- This SBA Economic Injury Disaster Loan Program is only available for natural-born U.S. citizens or those with a valid permanent resident card (green card).
- The interest rate is determined by formulas set by law and is fixed for the life of the loan. The maximum interest rate for this program is 3.75%. The interest rate for non-profits is 2.75%.
- The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.
- The law limits Economic Injury Disaster Loans to $2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA. You will not be asked how much you would like to borrow.
- Applicants who have not complied with the terms of previous SBA loans may not be eligible. This includes borrowers who did not maintain required flood insurance and/or hazard insurance on previous SBA loans.
- Economic injury disaster loans cannot be used to refinance long term debts.

Get Ready To Apply

✔ Verify that you are eligible. You are eligible if:
- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c),(d), or (e) of the Internal Revenue Code of 1954, or
SBA Economic Injury Disaster Loan Checklist

satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.

*Have gathered together your documents to list in the application and prove the losses your business has sustained due to the COVID-19 outbreak.

✔ Complete the SBA Form 5, or 5C if you are a Sole Proprietor

✔ Review the IRS Form 4506-T (HERE), each principal owning 20 percent or more of the applicant business, each general partner or managing member and, for any owner who has more than a 50 percent ownership in an affiliate business will have to have this section entered into the portal.

✔ Gather together complete copies of the most recent federal income tax business tax return filed for the applicant business, including all schedules. Be sure you have saved to your computer a PDF copy of it to upload if required.

✔ Gather together information for a current year-to-date 2020, detailed, profit loss statement and balance sheet statement for the applicant business to enter into the portal application as well.

✔ Review the Personal Financial Statement (SBA Form 413- HERE) for the sole proprietorship owner, or for each principal of the business entity owning 20 percent or more of the applicant business, each general partner or managing member, and have that information in front of you.

✔ Review the Schedule of Liabilities form listing all fixed debts for the business (SBA Form 2202-HERE) and have that information in front of you to enter into the portal application.

✔ Gather together complete copies to review, including all schedules, of the most recent personal Federal income tax returns for each principal owning 20 percent or more of the applicant business, each general partner or managing member, and each affiliate when any owner has more than a 50 percent ownership in the affiliate business.

✔ You might be requested to upload Form 1368 into the portal or enter electronically (available HERE)

If you are ready to apply, here is the direct link: https://covid19relief.sba.gov/#/

To check on your application status, here is the link to the application portal: https://disasterloan.sba.gov/ela/

www.mcallenchamber.com