

How to Apply for the SBA EIDL loan

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Presented By:



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U.S. Small Business
Administration

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Contact Information

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SBA's Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

The U.S. Small Business Administration (SBA) is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).

Maryland has received a COVID-19 Economic Disaster designation Disaster Disaster #: MD-00041

Effective Date: 1/31/2020

Incident Period: 1/31/2020 and continuing

Incident: Coronavirus (COVID-19)

SBA will provide relief through the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

How Can Funds Be Used?

- These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.

What Are Collateral Requirements?

- Economic Injury Disaster Loans:
 - Under \$25,000 require NO collateral
 - Over \$25,000 require collateral.
- 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.

SBA's Economic Injury Disaster Loan Basics

What is the criteria for a loan approval?

- Credit History-Applicants must have a credit history acceptable to SBA.
- Repayment –SBA must determine that the applicant business has the ability to repay the SBA loan.
- Eligibility- The applicant business must be physically located in a declared county and suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.

How much can I borrow?

- Eligible entities may qualify for loans up to \$2 million.
- The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.
- Eligibility for these working capital loans are based on the size (must be a small business) and type of business and its financial resources.

SBA's Economic Injury Disaster Loan Basics

- SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.
- Applicants do not go through a bank to apply. Instead apply directly to SBA's Disaster Assistance Program at:
DisasterLoan.sba.gov
- 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.

What Small Businesses Are Eligible?

Examples of eligible industries include but are not limited to the following: hotels, recreational facilities, charter boats, manufactures, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.

This includes:

- 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

Basic Filing Requirements

- www.Sba.gov
- 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.
- Schedule of Liabilities (SBA Form 2202).
- Personal Financial Statement (SBA Form 413).

Other Information may also be requested.

- **Although a paper application and forms are acceptable, filing electronically is easier, faster and more accurate.*

Additional Filing Requirements

- **Other information that may be requested, but you should have prepared and submit with application:**

- Complete copy, including all schedules, of the most recent Federal income tax return for principals, general partners or managing member, and affiliates (see filing requirements for more information).
- 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 .
- A current year-to-date profit-and-loss statement .
- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures. (This is especially important for Economic Injury Disaster Loans.)
 - Include a Narrative describing impacts to your business.

How to Apply

- Applicants may apply online using the Electronic Loan Application (ELA) via SBA's website at <https://disasterloan.sba.gov/ela>.
- Paper loan applications can be downloaded from (Use as a Guide):
<https://disasterloan.sba.gov/ela/Information/PaperForms> .
- (NOT RECOMMENDED) Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.
- Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.

Assistance From SBA Partners

- Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA's partners: Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBC), and Veteran's Business Outreach Centers and local Chambers of Commerce.
- For the nearest office, visit: <https://www.sba.gov/local-assistance>

Submit Your Application As Soon As Possible

- Recheck the filing requirements to ensure that all the needed information is submitted.
- The biggest reason for delays in processing is due to missing information. Make sure to complete all filing requirements before submitting the application and forms.
- If more funds are needed, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.
- If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

Other State of Maryland Relief - Grant

Maryland Small Business COVID-19 Emergency Relief Grant Fund

- Working capital to assist Maryland small businesses and nonprofits with disrupted operations due to COVID-19.
- Grant assistance is intended to provide interim relief complementing actions with its bank, business interruption insurance, and financial partners.

GENERAL TERMS AND CONDITIONS

- Grants up to \$10,000 not to exceed 3 months of cash operating expenses for Maryland businesses and nonprofits impacted by the COVID-19 with 50 or fewer employees.
- Must be established prior to March 9, 2020.
- Business must be in good standing.
- Annual Revenues of the business or nonprofit not to exceed \$5 million as evidenced by Financial Statement or other financial documentation.
- Business or nonprofit is expected to seek longer term funding through its bank, SBA, or other source.
- Eligible uses include: working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of operations.

Other State of Maryland Relief - Grant

- The business must demonstrate financial stress or disrupted operations, which may include but are not limited to:
 - Notices from tenants closing operations and not paying rent caused by loss of income.
 - Notice of inability to pay rent or make loan payments due to reduced sales, suspended operations.
 - Increased cost related to COVID-19 prevention measures.
 - Notice of disrupted supply network leading to shortage of critical inventory or materials.
 - Other circumstances subject to review on a case by case basis.

Other State of Maryland Relief - Loan

Maryland Small Business COVID-19 Emergency Relief Loan Fund

- Working capital to assist Maryland for-profit small businesses disrupted operations due to COVID-19.
- Loan assistance is intended to provide interim relief complementing actions with its bank, business interruption insurance, and financial partners.

GENERAL TERMS AND CONDITIONS

- Loans up to \$50,000 (not to exceed three months of cash operating expenses) open to Maryland businesses impacted by the COVID-19 with fewer than 50 employees.
- 0% for the first 12 months, and 2% for the remaining 36 months.
- Deferral of any payments for the first 12 months, and straight amortization beginning in the 13th month through the 36th month.
- Business must be established prior to March 9, 2020 and in good standing.
- Two years of historical financial statements and most recent interim statement to benchmark revenue against (if available).
- Six month pro forma of estimated lost revenue or other documented loss evidence.
- Minimum personal credit score of 575.
- No collateral requirements.

Other State of Maryland Relief - Loan

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The business must demonstrate financial stress or disrupted operations, which may include but are not limited to:

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Other State of Maryland Relief – Grant /Loan

Information:

businessexpress.maryland.gov/coronavirus

Application:

- **<https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-grant-fund>**
- **<https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-loan-fund>**

Items for applications

- Legal Name, should match Tax Returns (If Applicable: Trade Name)
- Phone #s, Email Address(es)
- SS#, Business Tax ID #
- (For MD Grant / Loan) Unemployment Insurance #
- NAICS Code (on your business tax return, Or Google NAICS “Your Business type”)
- 3 years business and personal tax returns
- Personal financial statement - SBA Form 912 (All Owners)
- Monthly Sales Figures - SBA Form 1368 (3 years plus current)
 - Develop projections for current year. (Should Match Narrative)
- 2 years Profit & Loss statements (Maybe from QuickBooks)
 - Plus, Year to date P&L
- Business Balance Sheet
- Schedule of business liabilities - SBA Form 2202
- Articles of Organization
- Certificate of Good Standing (A screen shot from Maryland SDAT will work for now)
- Information on Affiliated Businesses
- List of Real Estate Owned, and details on Date Acquired, Cost, Mortgage Balance and Current Value
- If you have a Payment Agreement with IRS or State Taxes, Data and documentation

Items for applications

- Business Impact Narrative:
 - Name your business, and what it does.
 - Name the actions or elements that impacted your business. (Covid – 19, Governor's declaration...). Include dates if possible.
 - How did those actions Impact your Business?
 - Sales
 - Customer traffic
 - Supplies
 - Costs
 - How long do you anticipate the disruption?
 - What is your expected loss?
 - Basically, Tell your story.
 - It does not need to be long: 1 – 3 paragraphs.

Questions?

- Please Use Chat.
 - If you have been in business for less than a year are you still eligible to receive a loan?
 - Yes, Include projections used in startup. Cover in Narrative.
 - We are a year behind on Corporate and Personal Taxes- if able to apply with this affect the application and can we still apply?
 - You can apply, Approval may depend on compliance with repayment agreement.

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