



# The SBA Disaster Loan Application Guide.

The U.S. Small Business Administration (SBA) has approved low-interest federal disaster loans for small businesses suffering substantial economic injury as a result of COVID-19. In this guide, we'll walk you through what's required and involved when applying.

## What can I use this loan for?

You can use this loan for **working capital** which includes typical day to day expenses such as mortgage payments, payroll, accounts payable, utility payments, or vehicle payments.

You cannot use this loan to refinance existing debt, to replace lost sales or profit, or fund purchases of equipment, vehicles, and supplies.

## At a high-level, what does the application process involve?

1. Gather all necessary documents listed in this guide.
2. Apply and submit online.
3. The SBA reviews your credit and requests any additional documentation. A loan officer may contact you via the online portal, phone, or email.
4. Provide supporting documents if requested.
5. If approved, you accept or decline your loan. If you approve, you receive initial disbursement within five days of signing.
6. Repayments start 11 months later.

**We recommend applying ASAP to avoid delays.**

[Apply Online Now](#)

Next, we'll walk you through the application process.

# How to Apply, Step-by-Step

Here are the seven key steps we've identified while applying. If this seems like a lot of information, you can find an at-a-glance checklist at the end of this document summarizing the documents needed for each step.

## Step 1 | Start the Application Process

Note: If the online application is temporarily unavailable, check back later—the site has been experiencing heavy traffic.

Documents needed? No.

Sections to watch out for:

- **User Registration**
  - Use your personal address, not your business address
  - Do not lose your password! The process to recover your account is not fun.
- **Organization Type**
  - Select how your business is **taxed**
- **Select “Economic Injury EIDL” ONLY**

## Step 2 | Complete SBA Disaster Business Loan Application (Form 5)

Note: if you are a Sole Proprietorship, you will complete Form 5C instead of Form 5.

Documents needed? No.

What you need to know:

- Separate applications are required for each business entity that you own. This form should only refer to a single business entity.
- You should match your business tax return as closely as possible—use full, legal names for both the business and owners.

Sections to watch out for:

- **Applicant's Legal Name**
  - Use your business name, shown **exactly** as it appears on your tax return.
- **Business Phone Number**
  - Use a personal phone number so it's easy to get a hold of you.

### Insurance Coverage

- We recommend you leave this blank. Even if you have business interruption coverage, it likely does not apply to pandemic situations (so you are not covered).
- **Section 16 | Do you own more than 50% or are you a Managing Member or General Partner of a corporation, partnership, limited liability, or LLC?**
  - This refers to whether the **business** owns other entities. Select **NO** if you personally own other businesses (which you can indicate in the next section).
- **Section 17 | Ownership**
  - If your business is owned by individuals, use the **Individual Owner** sections. Use one Individual Owner Section for each owner with over 20% ownership.
  - You will check **NO** to the **Business Owner** section unless your business is owned by, or a subsidiary of, another business. If that is the case, you would select **NO** to the Individual Owner section.
  - **Does this individual owner own more than 50% of, or is this individual owner a Managing Member or General Partner of a corporation, partnership, limited liability, or LLC?**
    - If you or a partner own other business entities, indicate **YES** in their respective sections. This does not mean that the other businesses will be included in this current application (you will need to create separate applications).

## Step 3 | Complete Personal Financial Statement (Form 413)

### Documents needed? Yes.

- In order to complete this form, you will need to refer to personal financial documentation, such as:
  - Bank statements
  - Investment statements
  - Mortgage statements
  - Life insurance policy statements
  - Personal Tax returns
  - Car leases, Student Loans, or other liabilities under your personal name
  - W2s, 1099s, Pension, Alimony, and other income sources under your personal name

### What you need to know:

- If you are married and file your taxes jointly with your spouse, you must fill out the form with your combined totals.
- All owners owning more than 20% will also need to complete this form, with their spouses if filing jointly.

- A strong application will date this form as of the last day of the previous month. For example: if you're applying in March, you would date as of February 29.

#### Sections to watch out for:

- **Assets + Liabilities**
  - List your Net Worth (Net Worth = Total Assets - Total Liabilities)
  - This means that the "Total Liabilities & Net Worth" line should be equal to the "Total Assets" line.
- **Section 1 | Source of Income**
  - **Salary**
    - Your Annual wages reported through a W2 or 1099. You should not include money earned as an owner of the company— this should be reported under "other assets" above.
  - **Other Income**
    - This includes pension, disability, child support, alimony, etc.
- **Section 4 | Real Estate**
  - Report your personal real estate only
  - Suggested wording:
    - **Type of Property:** Personal Property
    - **Status of Mortgage:** Good Standing

## Step 4 | Complete Schedule of Liabilities (Form 2202)

#### Documents needed? Yes.

- You will need your business mortgage, loan or lease documents on-hand to complete this step. This includes credit cards in the business's name.

#### What you need to know:

- Unlike your Personal Financial Statement, this section refers to the liabilities attributed to your business.
- This is intended as a supplement to your Balance Sheet, and should balance to the liabilities listed there.

## Step 5 | Complete Economic Injury Disaster Loan Supporting Information (Form P-019)

#### Documents needed? Yes.

- 2019 Year-End Financials
  - 2019 Income Statement

**What you need to know:**

- This form is not a requirement to the application process, but is a key part of a strong application.
- The SBA wants you to show the effect COVID-19 has had on your business by comparing your current business activity to the business activity you have had in prior years. The more information you can provide to indicate this the better.

**What to watch out for:**

- You will need to download the form, fill it out separately, and then re-upload the form.
- Your 2019 revenue can be obtained from the Income Statement in your 2019 Year End Financials provided by Bench, as well as your 2019 Cost of Goods Sold (if applicable).
- If you encounter issues uploading, email the file to [disasterloans@sba.gov](mailto:disasterloans@sba.gov). Include the applicant name and application number.

**If you're behind on your 2019 books, we can get you caught up for 50% off.**

[Learn More](#)

## Step 6 | Complete IRS Form 8821 or 4056-T

Documents needed? No.

**What you need to know:**

- This form authorizes the SBA to request documents from the IRS and to examine your tax returns.
- The form needs to be completed for:
  - Each owner owning more than 20% of the business (personal return)
  - The business itself (business return)

**What to watch out for:**

- **If you are married:**
  - When signing the form for your personal tax return, you cannot use the e-signature function
  - You will need to **Opt-Out** and select **I prefer to sign with traditional paper and ink**

- You can then download and print a copy of the form. Enter your spouse's name and SSN. Sign (both you and your spouse) and re-upload.
- If you encounter issues uploading, email the file to [disasterloans@sba.gov](mailto:disasterloans@sba.gov). Include the applicant name and application number.

## Step 7 | Attach most recent business tax return

### Documents needed? Yes.

- A complete copy of your most recent business tax return, including all schedules or statements. This may be 2018 if 2019 has not yet been filed.

### What you need to know:

- If you have not filed your taxes as recently as 2018, a written explanation is required. You should also be able to demonstrate your compliance to the IRS through a working agreement or payment plan, if that is the case.
- It is important to note that any existing federal debt, which will include unpaid taxes to the IRS, could hurt your chances of being accepted. It will be important to demonstrate that you are working to pay any outstanding federal tax liabilities.
- If you encounter issues uploading, email the file to [disasterloans@sba.gov](mailto:disasterloans@sba.gov). Include applicant name and application number.

### Haven't filed your 2018 or earlier taxes?

**We can get you filed, so you can submit a stronger application.**

[Learn More](#)

# What You Might Need Later

Everything listed below is to be submitted within 7 days if requested—so it's best to work on completing these forms ASAP.

- [Form 1368](#) Additional Filing Requirements for EIDL/MREIDL
  - This form requires monthly sales figures for 2018-present (estimated values are acceptable)
  - This form helps establish that the claimed economic injury is substantial.
- **2019 Year End Income Statement**
- **Year-to-Date Income Statement**
- **Year-to-Date Statement of Cash Flows, and 2019 Year End if available**
- The more Financial Documentation you can provide that compares your business' current financial situation with previous years, the better.

If you're missing these financial statements, we can create them for you—fast.

[Get Started](#)

# Frequently Asked Questions

## How large can the loan be?

Up to \$2 million, but your lender will determine the amount available to you based on your operating expenses. This will likely be an estimation of your operating expenses over a six-month period. If the approved amount is too little or too much, you can work with your lending officer.

## When do repayments start?

An automatic 11-month deferment on payments will start once loan documents are signed (this is up from the previous 4 months).

## How long will the loan take to process?

Disaster loans are usually expedited. However, the SBA has never had all 50 states and territories eligible to apply at the same time before, so no official timeline exists. After applying, you will also be assigned a loan officer who will work with you through the duration of your loan. Being quick to respond to your loan officer will allow you to reach an agreement faster.

## What if the application is declined?

Your business has six months to provide new information, and to provide written request for reconsideration.

## Do I have to accept the loan?

No, you can choose to decline the loan. So it doesn't hurt to apply, especially considering this same information will likely be required for any other loans you choose to pursue.



## What is the filing deadline?

**December 16, 2020** (however, this varies slightly by state—some state deadlines are up to December 21). However, there is a grace period. If you miss the deadline, you may still apply with a written explanation as to why the deadline was missed.

## What if I already have an existing SBA loan?

SBA is granting automatic deferments through December 31, 2020. You're allowed to have more than one SBA loan.

**If you have any other questions or concerns, get in touch with a Bench small business expert for a free consultation.**

[Get a Free Consultation](#)



# SBA Disaster Loan Application Document Checklist.

## Step 1 | Start the Online Application Process

✓ No documents needed

## Step 2 | Complete SBA Disaster Business Loan Application (Form 5)

Note: if you are a Sole Proprietorship, you will complete Form 5C instead of Form 5.

✓ No documents needed

## Step 3 | Complete Personal Financial Statement (Form 413)

Documents needed

- Bank statements
- Investment statements
- Life insurance policy statements
- Personal Tax returns
- Car leases, Student Loans, or other liabilities under your personal name
- W2s, 1099s, Pension, Alimony, and other income sources under your personal name

## Step 4 | Complete Schedule of Liabilities (Form 2202)

Documents needed

- Business mortgage, loan or lease documents
- Credit cards in the business's name

## Step 5 | Complete Economic Injury Disaster Loan Supporting Information (Form P-019)

Documents needed

- 2020 YTD Income Statement
- 2019 Year-End Financials
- 2019 Income Statement

## Step 6 | Complete IRS Form 8821 or 4056 - T

✓ No documents needed

## Step 7 | Attach most recent business tax return

Documents needed

- A complete copy of your most recent business tax return, including all schedules or statements. This may be 2018 if 2019 has not yet been filed.