

## Important Information About the Economic Injury Disaster Loan

As you may know, the Federal Emergency Declaration last week activated the SBA's Economic Injury Disaster Loan program (EIDL). These loans will provide working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19):

- Loans up to \$2,000,000
- 3.75% fixed interest rate on loans to for-profit companies
- 2.75% fixed interest rate on loans to non-profits
- Up to 30-year term and amortization (determined on case-by-case basis)
- Financing to be used for fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.

While the National Disaster Relief Program is now active, Alabama has not yet implemented an Economic Injury Disaster Loan declaration. Until that happens, companies in Alabama cannot apply for the SBA Economic Injury Disaster Loan. Gov. Kay Ivey and her team at the Alabama Department of Commerce have formally requested a disaster declaration for Alabama, which will allow the US Small Business Administration to activate the Economic Injury Disaster Loan Program. You can check here to see if Alabama has been added yet: <https://disasterloan.sba.gov/ela/Declarations/Index>. Once Alabama has been added to the list of eligible states, businesses can begin applying online for Economic Injury Disaster Loans.

### WHAT TO DO NOW:

First, it's important to understand that while Economic Injury Disaster Loans can be a lifeline, they will take time to acquire and not all businesses will qualify. Alabama SBDC recommends that you take action now to preserve cash and protect assets. You should be in contact with your lending institutions to see what programs your bank/credit unions are offering during this time (delaying payment requirements/interest only payments) and vendor payments on account. Do the hard stuff first.

Next, prepare the following documentation, which will be required for application. Although the application is online, we recommend familiarizing yourself with the paper form so that you can have the information filled out ahead of time. Forms are available here: <https://disasterloan.sba.gov/ela/Information/PaperForms>.

- SBA Loan Application ([SBA Form 5](#)).
- Tax Information Authorization ([IRS Form 4506-T](#)) for each owner with minimum 20% ownership interest in the business.
- Federal personal AND business tax returns for the last 3 years, including all schedules (include personal tax returns for each owner with minimum 20% ownership interest in the business).
- Personal Financial Statement ([SBA Form 413D](#)) for all owners of the business with minimum 20% ownership interest.
- Schedule of Liabilities listing all fixed debts ([SBA Form 2202](#) may be used).
- A current year-to-date profit and loss statement and balance sheet.
- Monthly sales figures beginning 3 years prior to the disaster and continuing through the most recent month available. ([SBA Form 1368](#)). Total figures for each year should reconcile to the sales figures on corresponding tax returns.
- Written explanation of the amount you are seeking and how it will be used. Describe the loss.

Once Alabama has been declared eligible, begin an online application at <https://disasterloan.sba.gov/ela/Account/Login>.