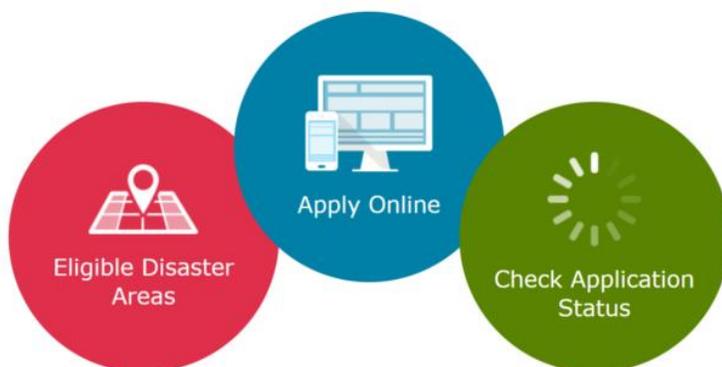


# What You Need to Know About SBA's Disaster Loan

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Need help applying? Contact your SBDC advisor. [Request Advising Here.](#)

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

Here's key information you need to know:

## What is the EIDL?

The EIDL is a low-interest, fixed-rate **loan** that can provide up to \$2 million in assistance for a small business. SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury. Applicants do not go through a bank to apply, and instead, apply directly to [SBA's Disaster Assistance Program](#).

Actual loan amounts are based on the amount of economic injury. These loans provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing because of COVID-19. The EIDL helps meet the necessary financial obligations that your business or private non-profit organization could have met had the disaster not occurred. **EIDLs do not replace lost sales or revenue.**

## **Who can apply?**

In order to be eligible, you must be a small business (500 employees or less).

- Virginia small businesses affected by the disaster - common eligible businesses include: retailers, restaurants, recreational facilities, tourism-based businesses, manufacturers, owners of rental property, hotels, wholesalers, and **many more**.
- Private nonprofits
- Small agriculture cooperatives are eligible, but agricultural enterprises are not
- Small aquaculture businesses

## **How can the loan be used?**

The loans are for working capital which includes fixed debts, payroll, accounts payable, and other bills that can't be paid due to the disaster's impact. It does not cover lost sales.

## **How much can I apply for?**

You will not be asked how much you would like to borrow. The SBA uses the information you provide to determine the loan amount. Small businesses can receive a secured loan up to \$2 million, and an unsecured loan up to \$25,000.

## **What is the lending criteria?**

- Credit History – Applicants must have a credit history acceptable to SBA. Traditionally, this has been around 620, but SBA will look at extenuating circumstances and consider the impact of the pandemic on the business.
- Repayment – As with all loans, you will need to prove you have the ability to repay. Repayment term can be as long as 30 years.
- Collateral – To get loans greater than \$25,000, you must provide collateral. Loans under \$25,000 can be unsecured.

## **What are the terms?**

The interest rate is 3.75%

SBA offers loans with long-term repayments in order to keep payments affordable, *up to a maximum of 30 years*. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

## When can I apply?

Applications for Economic Injury Disaster Loans are now open in Virginia. [Click here to access the loan application.](#)

## How do I navigate the application system?

[Video presentation on filling out the EIDL Application](#)

Here are screenshots of the application process:

- [EIDL Application Directions for Sole Proprietors](#)
- [EIDL Application Directions for LLCs](#)

## Gather Your Materials

### Business information

- Contact information and social security numbers for all applicants
- Employer Identification Number (EIN) for business applicants
- Insurance information
- Financial information
- e.g. income, account balances and monthly expenses)
- Know the total amounts and payments due for debts that will be paid over the next 10 months or longer (i.e. mortgages, student loans, credit cards, etc.)

### **Other key information:**

- Use Internet Explorer or Mozilla Firefox to apply.
- Write your password down (or remember it!). You'll likely need to access the system again.
- The 'Help Button' provides useful information for each page.
- Use the 'Save Button' frequently.
- Be patient and keep trying if you experience slow load times.
- If your loan request is denied, you can provide more information

## What's next? What should you expect?

- You will receive email confirmation that your application has been submitted
- You will receive an email letting you know that your application is under review.
- **BE PREPARED:** You will be contacted by someone from the SBA. Have your monthly expenses and financial projections ready (the SBDC can help with this!)

**Need help?** Contact your SBDC advisor. [Request advising here.](#)