

Small Business Administration Economic Injury Disaster Loan (EIDL)

In conjunction with the State of Minnesota, the Small Business Administration (SBA) has made Economic Injury Disaster Loans (EIDL) available to small businesses across Minnesota. **These Economic Injury Disaster Loans are for working capital only.** In addition, **these loans are directly through the SBA**, not through any financial institution, including Meda.

To apply to need to go to www.disasterloan.sba.gov or www.sba.gov/disaster. Here are details on the loans:

- **Uses:** Payroll, Accounts payable, and Debt Payments
 - *Expansion loans are not eligible*
 - Businesses can apply for a disaster relief interim or bridge loan from their financial institution, and use SBA Disaster funds to repay these loans
- **Criteria:** Client need to provide the following:
 - Credit History
 - Repayment Ability: Business must show they will be able to repay the loan
 - Eligibility: The business is in a declared disaster area (Minnesota small business are now eligible for these loans).
- **Limit:** Client can borrow up to \$2 million. Loans of \$25,000 or less can be unsecured. Loans over \$25,000 must be secured. First priority for collateral will be real estate, regardless if there is equity or not. The SBA will then consider taking all business assets: equipment, machinery, vehicles, etc. **The SBA will not decline a loan for lack of collateral. Loan approval is based on cash flow; projections with funding need to show the business can cash flow.**
- **Rates:** 3.75% for approved small businesses
- **Terms:** Up to 30 years (Terms will be determined by the SBA Loan Officer)
- **Payment:** The first payment is deferred for 11 months, one year from the date of the promissory note. For example, if the promissory note is dated 4/1/2020 then first payment would be 4/1/2021. Loans cannot be consolidated. If the business has other existing disaster loans or other SBA guaranteed loans, these cannot be consolidated.
- **Ineligible Businesses:**
 - Agricultural Enterprises
 - Religious Organizations
 - Charitable Organizations
 - Gambling Concerns
 - Casinos
- **Filing Requirements:** Follow the direction on each form and completely fill them out.
 - Complete SBA Loan Application, [SBA Form 5](#) or [5c](#)
 - Form 5c is for sole proprietorships. All other business types including LLC, LLP, C-Corp, S-Corp should use Form 5
 - [Tax authorization Form 4506T](#). **This form must be completed on the business AND any owner of 20% or more of the business**
 - The last three years of business tax returns, if applicable. Business can only submit the tax returns for the years they have been in business.
 - The last three years of year-end balance sheet and income statements, if applicable
 - Year to date 2020 balance sheet and income statement
 - [SBA Form 2202](#) which is a schedule of liabilities

- [SBA Form 413](#), your personal financial statement
- The last three years of personal tax returns
- [SBA Form 1368](#), monthly sales figures
- **Start-up Businesses should provide all the financial information they have.** If the company has been in business for three months, provide three months of financial statements with projections for at least three years.
- **Businesses with Multiple Entities:** Each entity can apply individually

It is best to provide all the above documentation to prevent delays in the approval process

- **Processing Time:**

- SBA will need approximately 21 days to process your application
- Closing documents will be mailed to the business.
- Client has up to 60 days to sign and return
- SBA will need three days to disburse funds once they receive signed closing documents

If the business needs additional funding after the first disaster loan, they do not need to fill out a new loan request. The business will just need to request an increase under the existing disaster loan.

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If you need help from SBA, their customer service line is 800-659-2955

Final tip: The SBA site works better with Internet Explorer and worse with Google Chrome.