U.S. Small Business Administration

COVID-19
Indiana Disaster Declaration Declared

Frequent Questions and Answers

Economic Injury Disaster Loans (EIDL)

What is an Economic Injury Disaster Loan?

It is a low-interest federal loan issued by the SBA to alleviate economic injury small businesses or private non-profits are experiencing and, in this case, injury caused by the Coronavirus (COVID-19). They become available once a county or state gets an Economic Injury Disaster Loan assistance declaration also issued by the SBA.

More information can be found at https://disasterloan.sba.gov/ela/Information/EIDLLoans.

Can I apply now for an EIDL?

Yes, the State of Indiana has officially received a declaration, so applications are being accepted.

How does a small business apply for an EIDL?

The SBA highly recommends using the online loan application, which can be found at https://disasterloan.sba.gov/ela/.

How does a business qualify for an EIDL?

Many factors go into qualifying for an EIDL. A primary one is that a small business has to show a loss effective January 31, 2020, to now and/or in the future, as compared to 2019 financials.

What forms are needed for the loan application?

The SBA highly recommends using the online loan application, which can be found at https://disasterloan.sba.gov/ela/.

Small businesses will need the following:

- 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).

For those with limited web/online capabilities, paper forms can be found at https://disasterloan.sba.gov/ela/Information/PaperForms.

What can an EIDL be used for?

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.

What are the interest rates for EIDLs?

The interest rate is 3.75% for small businesses and the interest rate for nonprofits is 2.75%.

When does the business have to start paying back the loan?
EIDLs repayment is deferred for four months. Further, SBA offers loans with long-term repayments 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.

What banks are authorized to offer these economic injury disaster loans?
The SBA offers the economic injury disaster loans, not banks. Small businesses should apply for Economic Injury Disaster Loans at https://disasterloan.sba.gov/ela/.

Traditional SBA-backed loans are available as well; to find an SBA-approved lender, visit www.sba.gov/lendermatch.

What is the limit each state can receive? What about each business?
The SBA is available to assist all small businesses across the nation and does not have a total cap on the loan amounts; each qualifying small business can apply for a loan of up to $2M to assist with economic recovery. There is no state or territory limit.

What is the process for and turnaround time from loan application to receiving the funds?
The loan process can be found at the link below and turnaround time is approximately five days for review and the receipt of funds once the loan is approved takes approximately 3 weeks.

Basic loan process:
https://disasterloan.sba.gov/ela/Documents/Three_Step_Process_SBA_Disaster_Loans.pdf

With the social distancing recommendations and closures, how will SBA's disaster team help small business owners get their loan applications in and processed?
As much as possible, applications and processing are being done online/virtually. We will be hosting webinars in the near future. Check our website at www.sba.gov/in for details. For loan application questions, call the Indiana District Office at (317) 226-7272 or the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339).

Since the Federal Reserve lowered its target for the federal funds rate to nearly 0% this week, why is it that the SBA EIDL rate set to 3.75%? Aren't these direct loans from the SBA? What entity is making the 3.75% interest? Is it possible that the interest rate will be lowered soon?
This level is set by Congress. If Congress acts to adjust it, the SBA will do so per the action.

What else is the SBA doing for small businesses affected?
SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.

We are respecting the state and local guidelines set for the public and adjusting operations to meet those needs and the needs of the city's/state's/nation's small businesses.

We are one of 68 district offices across the nation and we have several hundred partner locations, including Small Business Development Centers, SCORE mentor chapters, Women's Business Centers, Veteran Business Outreach Centers, and more, across the nation.

Business Operations Continuity-related

What are some things businesses can do to prepare and/or stay afloat? Are you seeing any innovative/creative strategies/solutions they're using?

All businesses should have a preparedness plan in place for any type of disruption. Proper planning helps to protect employees, lessen the financial ramifications, and help the business continue to support economic recovery in the community. Visit www.sba.gov/coronavirus for more resources.

Specific guidance on:

- **Capital Access** – We understand this situation can strain your capacity to make payroll, maintain inventory and respond to market fluctuations. With the state declaration, we encourage you to apply for an SBA Economic Injury Disaster Loan. Also, traditional SBA-backed lending is still available and we can help you with that.
- **Workforce** – Your workers are just as impacted as you are and job functions/ responsibilities are likely changing. Keep this in mind as you work through your operations.
    - For issues related to your workforce, including safety, wages, unemployment, check in with the Department of Labor at https://www.dol.gov/coronavirus.
    - For mental health issues, visit the U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration (https://www.samhsa.gov/find-treatment).
- **Insurance Coverage**– If you have business interruption insurance, now is the time to contact your insurance agent to review your policy to understand precisely what you are and are not covered for in the event of an extended incident.
- **Marketing** – Communicate openly with your customers about the status of your operations, what protective measures you've implemented, and what you're doing to keep your customers protected and meet their needs.
- **Plan** – Prepare a plan for what you will do as this situation evolves, including worsens or improves.

What should a small business do to keep its employees and customers safe?

We want to emphasize that public health is the priority and we're encouraging small businesses to do their part to keep their employees, customers and themselves healthy by following the Centers for Disease Control and Prevention's most up-to-date information on COVID-19, as well as Guidance for Businesses and Employers to Plan and Respond.

Also, the Department of Labor has provided details on workplace safety, leave and additional general resources at https://www.dol.gov/coronavirus.

What should a small business do to avoid being victimized?
Small businesses should ensure that anyone promising assistance is legitimate. The FTC has this page to help businesses protect against scams: www.ftc.gov/coronavirus. More resources for cyber scams can be found here: https://www.us-cert.gov/ncas/current-activity/2020/03/06/defending-against-covid-19-cyber-scams

Is the SBA offering other type of assistance beyond financial help?
Yes, as it has for more than 65 years, the SBA is offering ongoing assistance for small businesses across the country to help them start, grow, expand and recover. This includes various trainings and education offerings, financial and preparedness planning, supply chain assistance and the like. Small businesses should contact the Indiana District Office at (317) 226-7272 or visit www.sba.gov/in to find available resources.

Where should a small business go to find additional resources for help?
Small businesses should stay up to date with SBA's ongoing assistance by following @SBA_Indiana on Twitter and subscribing to the district newsletter via www.sba.gov/updates using their zip code. Also, small businesses can find local educational and counseling resources via www.sba.gov/localassistance.