CONGRESSWOMAN
ANGIE CRAIG
Second District of Minnesota

FACT SHEET: LOW INTEREST LOANS FOR BUSINESSES AND NONPROFITS IMPACTED BY THE CORONAVIRUS

"Minnesota nonprofits and small businesses are the fabric of our communities and it's our responsibility to make sure they survive the impacts of the coronavirus," said Rep. Angie Craig. **"We are all experiencing changes to the way we live our lives and our small businesses and nonprofits are stepping up to make sure we all get through this together. They need access to this funding and I'm fighting to make sure the federal government is there to make sure they weather this storm. I urge Second District businesses and nonprofits to apply today."**

WHAT ARE THESE LOANS?

These are targeted, low-interest loans to small businesses and nonprofits that have been severely impacted by the coronavirus. The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to $2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

WHO IS ELIGIBLE

- Any Minnesota small business or nonprofit who does not have access to credit may apply

WHAT THE FUNDING CAN BE USED FOR

- The loans may be used to pay fixed debts, payroll, accounts payable, or other bills that cannot be paid because of the coronavirus pandemic.

HOW TO APPLY

- Visit this website or contact your local Small Business Administration office
- If you need help to complete your application, the Small Business Development Center can assist, you can also call my office: 651-846-2120.
- You will need: *SBA form 5*, the most recent year's taxes, signed IRS form 4506T, personal financial statement, schedule of liabilities, cashflow, and credit information.

WHAT ARE THE TERMS

- Up to 2 million dollars
- The interest rate is 3.75% for small businesses and 2.75% for nonprofits.
- The maximum term is 30 years.

HOW LONG DOES THE PROCESS TAKE

- Once you submit an application, the typical timeline is 2-3 weeks for approval
- Once approved, disbursement can take up to five days

WHERE TO FIND MORE INFORMATION

- Website: sba.gov/disaster
- Small Business Administration Disaster Assistance customer service center: 1-800-659-2955

Email: disastercustomerservice@sba.gov

ECONOMIC INJURY DISASTER LOAN ELIGIBILITY

Who is eligible:

- A small business concern
- Most private non-profits of any size
- A small business engaged in aquaculture
- Small agricultural cooperative

Eligibility criteria:

- Located (physical presence) within the declared disaster area
- Have suffered, or are likely to suffer, substantial economic injury as a result of the disaster
- Do not have Credit Available Elsewhere
- The size of the applicant alone (without affiliates) must not exceed the size standard for the industry in which the applicant is primarily engaged and
- The size of the applicant combined with its affiliates must not exceed the size standard designated for either the primary industry of the applicant alone or the primary industry of the applicant and its affiliates, whichever is higher.
- Must be an independently owned and operated business

Ineligible EIDL Applicants:

- Lending and Investment Concerns (except for real estate investments held for rental)
- Multi-level sales distribution (Pyramid) Concerns
- Speculative Activities
- Non-profit Organizations that are not considered a Private Non-Profit
- Consumer and Marketing Cooperatives (other cooperatives and small agricultural cooperatives are eligible)
- Not a small business concern (except for PNP of any size)
- Gambling concerns (concerns that derive more than one-third of their annual gross revenue for legal gambling activities)
- Casinos, racetracks, etc.(businesses whose purpose for being is gambling
- Loan packagers who derives more than one-third of their annual volume from the preparation of applications seeking financial assistance from SBA)
- Religious organizations
- Political or lobbying concerns
- Pawn shops (when 50% or more of previous year's income was derived from interest)
- Real estate developers
- Life insurance companies
- Concerns engaged in illegal activities (as defined by Federal guidelines)

- Government-owned concerns (except for businesses owned or controlled by a Native American tribe)
- Concerns with principals incarcerated, on parole or probation
- Concerns engaged in live performances of, or the sale of products, services, of a prurient sexual nature
- Businesses considered as hobbies
- Concerns not located in the declared disaster
- Concerns determined to have credit available elsewhere
- Concerns involved in change in ownership situations.
- Concerns established post-disaster
- PNPs engaged in aquaculture
- Feedlot operators
- Agricultural enterprises
- Members of congress

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 injury 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.

What small businesses are eligible for an EIDL?

- A small business concern (typically those less with 500 employees)
- Most private non-profits of any size
- A small business engaged in aquaculture
- Small agricultural cooperative

Can I apply now for an EIDL?
Yes, the state 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.

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 is being online/virtually. We will host webinars daily. See our website for calendar listings at www.sba.gov/mn.

The national call center is staffed seven days a week. Call them at 1-800-659-2955 (TTY/TDD: 1-800-877-8339) or email them at disastercustomerservice@sba.gov.

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.

For detailed information on SBA programs for the coronavirus, visit www.sba.gov/coronavirus and for information on all federal programs, visit www.usa.gov/coronavirus or www.gobierno.usa.gov/coronavirus (en Español).