COVID-19 ASSISTANCE FOR SELF-EMPLOYED INDIVIDUALS AND OTHERS

PRESENTATION BY

U.S. Small Business Administration

IN COLLABORATION WITH

PLEASE NOTE:
ALL PARTICIPANTS HAVE BEEN MUTED
PLEASE USE THE CHATBOT FEATURE TO ADD QUESTIONS OR COMMENTS
OUR MODERATOR IS NOW CONDUCTING A SOUNDCHECK TO MAKE SURE ALL PARTICIPANTS CAN HEAR THE AUDIO

IF YOU ARE NOT HEARING THE MODERATOR’S ANNOUNCEMENT, YOU MAY NEED TO DIAL IN USING A TELEPHONE

HERE IS THE DIAL-IN NUMBER:

(415) 655-0001
ACCESS CODE 801 803 711

IF THE MAIN DIAL-IN NUMBER IS BUSY, YOU CAN TRY ONE OF THE FOLLOWING NUMBERS, WITH THE ABOVE ACCESS CODE:

(617) 315-0704
(312) 535-8110
(469) 210-7159
COVID-19 ASSISTANCE FOR SELF-EMPLOYED INDIVIDUALS AND OTHERS
TUESDAY, MARCH 31, 2020 • 10:30 - 11:30 a.m. CDT

SUSHEEL KUMAR
SBA OFFICE OF DISASTER ASSISTANCE
SBA To Provide Economic Injury Disaster Loans For Coronavirus Related Economic Disruptions

U.S. Small Business Administration
Scams, Phishing, and Hacks

A Message from the SBA

- The scammers, phishing and hackers are in full swing.
- Please do not click on any links from individuals with whom they are not familiar.
- There is no fee to apply for an SBA EIDL.
- There is no one who can speed up the process for clients.
- All applications are assigned and processed in order of receipt.
SBA’s Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

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

Upon a request received from a state’s or territory’s Governor, SBA will issue under its own authority, as provide by the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
SBA’s Economic Injury Disaster Loan Basics

What businesses are eligible to apply?
SBA’s Economic Injury Disaster Loans (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations.

This includes:
• Businesses directly affected by the disaster
• Businesses that offer services directly related to the businesses in the declaration
• Other businesses indirectly related the industry that are likely to be harmed by losses in their community

(Example: Manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product.)
SBA’s Economic Injury Disaster Loan Basics

What are some examples of eligible industries?

Includes but are not limited to: hotels, recreational facilities, charter boats, manufactures, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.

What other criteria is involved?

The applicant business must have a physical presence in the declared disaster area. An applicant’s economic presence alone in a declared area does not meet this requirement. The physical presence must be tangible and significant. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.
Economic Injury Disaster Loans
Independently Owned and Operated

- **Substantial business risk** – The principals must have a business risk resulting from investing in facilities and equipment and by incurring ongoing expenses, which must be paid regardless of whether the operation generates a profit (example: a crew member on a fishing boat would not be eligible).

- **Free from significant control** – The applicant business must be free from significant control by other concerns (e.g., the customers or businesses that pay for its services).

- **Effect of IRS Guidelines** – Merely filing a Schedule C with the Federal Tax Return does not qualify the individual as an independently owned and operated business.
Economic Injury Disaster Loans

Ineligible EIDL Applicants

- Religious Organizations
- Charitable Organizations
- Consumer and Marketing Cooperatives
  (Except small agricultural Co-Ops)
- Gambling Concerns
  (Ex: Concerns that derive more than one-third of their annual gross revenue from legal gambling activities)
- Casinos & Racetracks
  (Ex: Businesses whose purpose for being is gambling (e.g., casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of 1/3 criteria above.
- Concerns Engaged in Illegal Activities
- Lending or investment concerns
Economic Injury Disaster Loans
Ineligible EIDL Applicants (cont.)

- Speculative Activities
- Pawn Shops
  (Ex: If 50% or more of previous years income was derived from interest they are not eligible)
- Real Estate Developers
  (Ex: engaged in subdividing real property into lots and developing it for resale on their own account)
- Multi-Level Sales distribution (Pyramid) concerns
- Loan Packagers who derive 30% or more of their annual income from the preparation of applications seeking financial assistance from SBA.
- Concerns with principals incarcerated, on parole or probation. – The concern remains ineligible if the parole or probation is lifted solely because it is an impediment to obtaining a loan.
Economic Injury Disaster Loans
Ineligible EIDL Applicants (cont.)

- Government owned entities – except for businesses owned or controlled by a Native American tribe.
- Political or Lobbying Concerns
- Concerns engaged in the sale of products or Services or Live performances of a prurient sexual nature.
- Concerns not located in a declared disaster area
- Concerns determined by SBA to have credit available elsewhere.
- Concerns involved in change in ownership situations – entities which had a substantial change of ownership (more than 50%) after the impending economic injury became apparent, and no contract of sale existed prior to that time are ineligible.
- Concerns established Post-Disaster – If a small concern was established after an impending economic injury became apparent, the owner assumed the risk and did not incur economic injury.
Economic Injury Disaster Loans
Ineligible Uses of EIDL Loan Proceeds (cont.)

• Refinancing long term debt.

• Paying down (other than regular installment payments) or paying off loans provided, guaranteed, or insured by another Federal agency or a Small Business Investment Company. Federal Deposit Insurance Corporation (FDIC) and Resolution Trust Corporation (RTC) are not considered Federal agencies for this purpose.

• Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations.

• If a direct Federal debt is delinquent, SBA must have written documentation from the appropriate Federal agency explaining how the delinquency will be cured.
SBA’s Economic Injury Disaster Loan Basics

What is the criteria for a loan approval?

Credit History—Applicants must have a credit history acceptable to SBA.

Repayment—SBA must determine that the applicant business has the ability to repay the SBA loan.

Eligibility—The applicant business must be physically located in a declared county and suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.
SBA’s Economic Injury Disaster Loan Terms

How much can I borrow?

- Eligible entities may qualify for loans up to $2 million.

- The fixed interest rates for this disaster are **3.75 percent for small businesses** and 2.75 percent for nonprofit organizations with terms up to 30 years.

- Eligibility for these **working capital loans** are based on the size (must be a small business) and type of business and its financial resources.

SBA’s Economic Injury Disaster Loan Terms

How can I use the loan funds?

• These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred.

• The loans are not intended to replace lost sales or profits or for expansion.
SBA’s Working Capital Loans are Different from Other SBA Loans

- EIDL funds come directly from the U.S. Treasury.
- Applicants do not go through a bank to apply. Instead apply directly to SBA’s Disaster Assistance Program.
- There are NO real estate collateral requirements for the EIDL program.
- General UCC-1 Filing on the business
- There is NO cost to apply –
  - NO fees - NO points - NO Closing Cost - NO Prepayment Penalty
- 1st payment due in 12 months.
- There is no obligation to take the loan if offered.
- Applicants that have existing SBA Disaster Loan can still qualify for a COVID EIDL but the loans cannot be consolidated.
How to Apply – Recently Updated

• Updated and Preferred Application Process:

  Applicants may apply via the SBA’s secure website at https://disasterloan.sba.gov/apply-for-disaster-loan/index.html. Applicants will download, complete and upload the files via the SBA site.

• Paper loan applications can be downloaded from www.sba.gov/disaster. Completed applications can be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155. (Uploading documents is preferred.)

• Disaster loan information and application forms may also be obtained by calling the SBA’s Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.
Filing Documents

COVID-19 EIDL Required Documents
1. Business Loan Application (Form 5)
2. Economic Injury Disaster Loan Supporting Information (Form P-019)

Additional Documents That May Be Requested
- Fee Disclosure Form and Compensation Agreement (Form 159D)
- Personal Financial Statement (SBA Form 413D)
- Request for Transcript of Tax Return (IRS Form 4506-T)
- Schedule of Liabilities (SBA Form 2202)
- Additional Filing Requirements (SBA Form 1368)
- Additional Filing Requirements (SBA Form 413D)
How to Apply

Step #1: Download Forms

1. Business Loan Application (Form 5)
2. Economic Injury Disaster Loan Supporting Information (Form P-019)

Additional Information May Be Requested
- Fee Disclosure Form and Compensation Agreement (Form 159D)
- Personal Financial Statement (SBA Form 413D)
- Request for Transcript of Tax Return (IRS Form 4506-T)
- Schedule of Liabilities (SBA Form 2202)
- Additional Filing Requirements (SBA Form 1368)
- Additional Filing Requirements (SBA Form 413D)

https://disasterloan.sba.gov/apply-for-disaster-loan/index.html
How to Apply

Step #2: Complete Forms

1. **Business Loan Application (Form 6)**
2. **Economic Injury Disaster Loan Supporting Information (Form P-019)**

Additional Information May Be Requested
- Fee Disclosure Form and Compensation Agreement (Form 1591D)
- Personal Financial Statement (SBA Form 413D)
- Request for Transcript of Tax Return (IRS Form 4506-T)
- Schedule of Liabilities (SBA Form 2202)
- Additional Filing Requirements (SBA Form 1368)
- Additional Filing Requirements (SBA Form 413D)

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Economic Injury Disaster Loan Assistance

Small business owners in all U.S. states, territories, and possessions are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19).

The SBA’s Economic Injury Disaster Loan Program provides small businesses with working capital loans of up to $15 million to help overcome the temporary loss of revenue they are experiencing.

Funds are available for disaster assistance to certain industries. For more information on how to apply, please visit the SBA’s website or contact a disaster assistance representative.

**Instructions to Apply**

1. Download forms below.
2. Fill in all required fields.
3. Do not leave spaces or lines blank.
4. If you are unable to print, fillable forms are available online.

**Download Business Forms**

- Business Loan Application (Form 6)
- Economic Injury Disaster Loan Supporting Information (Form P-019)
- Economic Injury Disaster Loan Supporting Information (Form P-019)

**Additional Forms**

- Business Loan Application (Form 6), fillable
- Economic Injury Disaster Loan Supporting Information (Form P-019), fillable
- Economic Injury Disaster Loan Supporting Information (Form P-019)
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Office of Disaster Assistance
Business Loan Application (Form 5)
Economic Injury Disaster Loan Supporting Information (Form P-019)
How to Apply – Updated 3.27.2020

Step #3: Upload Forms

1. Business Loan Application (Form 5)
2. Economic Injury Disaster Loan Supporting Information (Form P-019)

Additional Information May Be Requested
- Fee Disclosure Form and Compensation Agreement (Form 159D)
- Personal Financial Statement (SBA Form 413D)
- Request for Transcript of Tax Return (IRS Form 4506-T)
- Schedule of Liabilities (SBA Form 2202)
- Additional Filing Requirements (SBA Form 1368)
- Additional Filing Requirements (SBA Form 413D)
Submit Your Application
As Soon As Possible

- Recheck the Business Loan Application (Form 5C) and the EIDL Supporting Information (Form P-019) to ensure that all information is accurate.

- The biggest reason for delays in processing is due to missing or incorrect information.

- If more funds are needed, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.

- If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.
Questions?

More information about EIDLs visit
www.sba.gov/disaster.
Call 1-800-659-2955
QUESTIONS?
PLEASE ENTER YOUR QUESTIONS INTO THE CHATBOT

HEIDI MELANCON, OF THE LOUISIANA SMALL BUSINESS DEVELOPMENT CENTER (LSBDC) AT UL LAFAYETTE, WILL MODERATE THE Q&A

ALL QUESTIONS WILL BE RECORDED, AND IF WE ARE NOT ABLE TO ADDRESS YOUR QUESTION TODAY, WE WILL WORK TO PROVIDE A TIMELY RESPONSE
THANK YOU TO OUR PRESENTERS AND PARTICIPANTS!

IF YOU HAVE QUESTIONS THAT DID NOT GET ANSWERED OR FEEDBACK ON TODAY'S SESSIONS, PLEASE EMAIL ANDRE@ONEACADIANA.ORG

THE VIDEO AND SLIDES FROM TODAY'S WEBINARS WILL BE POSTED SHORTLY AT ONEACADIANA.ORG/COVID-19-RESOURCES AND SHARED BY OTHER WEBINAR PARTNER ORGANIZATIONS

WE WILL BE IN TOUCH ABOUT FUTURE WEBINAR OPPORTUNITIES