



# FAQs on Small Business Assistance for COVID-19

## What assistance is available to small business to help during the disaster?

The U.S. Small Business Administration (SBA) has approved “economic injury disaster loans” (EIDL) for small businesses in [most places](#) across the country. These are working capital loans to help small businesses meet ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. They are intended to assist through the disaster recovery period.

State and Local Governments and some private institutions are also offering programs that may be applicable to you. See an [updated list](#) compiled by our friends at Gusto and check back for additions. A few additional programs are described on the appendix to these FAQs.

## Does my business qualify as a “small business?”

Qualification is dependent upon size.

- Electrical contractors and other wiring installation contractors (NAICS code 238210)
- Plumbing, heating, and air-conditioning contractors (NAICS code 238220), and
- Other Foundation, Structure, and Building Exterior Contractors (NAICS code 238190)

should qualify (regardless of number of employee) if they have annual gross receipts of \$16.5 million or less.

Residential Remodelers (NAICS code 236118) should qualify (regardless of number of employee) if they have annual gross receipts of \$39.5 million or less.

Other types of business are subject to different thresholds. See the SBA’s table of size standards [here](#).



## **How do I apply for an SBA economic injury disaster loan?**

You must apply to the SBA, which runs the economic injury disaster loan program. You can apply online or by mail. While we recommend applying online, we recommend filling out the application on paper first to help you gather and organize all the materials required. The online system is slow due to overwhelming demand, so consider applying during non-peak hours, from 7 pm to 7 am EST.

## **How much can we receive for an economic injury disaster loan?**

The SBA will assess your business need and can generally loan up to \$2 million for economic injury. If a business is a major source of employment, the SBA has authority to waive the \$2 million statutory limit. The SBA will only loan up to the amount of injury it determines. Obviously, no one knows how long the COVID-19 situation will last, but the SBA has suggested that it is assuming a disaster period from January – June 2020.

## **Do I need to provide collateral? Personal guarantees?**

Collateral may be required for economic injury disaster loans over \$25,000. The SBA takes real estate as collateral when it is available. It generally will not decline a loan for lack of sufficient collateral, but it will require the borrower to pledge collateral that is available.

The CARES Act, passed March 27 would do away with the need for personal guarantees.

## **What is the interest rate?**

The maximum interest rate is 4%. The specific rate is determined by formulas set by law and is fixed for the life of the loan.

## **What kind of repayment options does the SBA offer?**

Repayment options vary from situation to situation, but the SBA can extend the terms out to 30 years in some cases. Every disaster loan has a standard deferment of 4 months, with the first payment not being due until 5 months from the date of the note.

## **Does my business qualify?**

Most businesses qualify if they meet the economic and credit criteria. This includes self-employed people with sole proprietorships who file a schedule C. Applicants must have a credit history acceptable to the SBA and show the ability to repay the loan. Applicants who have not complied with the terms of previous SBA loans may not be eligible.



## **What do I do if I have more than one business/EIN?**

If there are more than one business and they are not affiliates, then separate applications may be filed for each separate business.

## **How many months do I need to plan for?**

No one knows the “end date” of the COVID-19 situation. The SBA recommends applicants assess their working capital needs for January – June 2020. If the disaster goes on for a longer period, you may request additional funds.

## **May I apply again later?**

If someone is denied, they may reapply once. For this reason, it makes sense for those that get denied to wait for the letter with the reason for denial to arrive in the mail and then contact the SBA for the best chance of being approved on the second attempt.

## **When should we apply?**

If you are seeing economic injury to your business, we recommend you apply as soon as possible. You can apply for additional funds later if the situation worsens or continues.

## **How soon will we hear whether our loan is approved?**

The SBA is aiming to decide on applications within two to three weeks, but actual processing times are hard to predict. After your application is received, a loan officer will contact you to discuss the loan recommendation and next steps. The SBA advises of loan decisions in writing.

The CARES Act authorizes the SBA to disburse an immediate amount of up to \$10,000 within three (3) business days, which, if the loan is denied, shall be treated as a grant and not repayable.

## **When will we get money if our loan is approved?**

Once the SBA receives your signed loan closing documents, they should make an initial disbursement of \$25,000 within five (5) business days. The case manager assigned to you will schedule subsequent disbursements until you receive the full loan amount. Your loan amount may be adjusted after closing as your circumstances change.



### **May I use the funds to purchase new inventory?**

If it is inventory your company will sell or use to produce a product to sell, but now are unable to afford as a result of the disaster, then it would be deemed working capital and an acceptable use for an SBA economic injury disaster loan.

### **May we use the loan to refinance long-term debt?**

No.

### **Where can I get answers about the application?**

You may call SBA's customer service center at (800) 659-2955; be prepared to wait an hour or two on hold. You may also email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov). Before doing either, we recommend you read this entire FAQ and then print and read thoroughly the SBA's FAQ found [here](#).

### **Do I have to submit personal financial information?**

A personal financial statement is required on the form prescribed by the SBA. This allows the loan specialists to get a global view of the business and its funding alternatives when making a determination on an application for funding.

### **Where on the application do I enter the loan amount?**

There is no place for an applicant to ask for a specific amount. You list all your expenses and provide sales numbers. The SBA's disaster team will calculate the support they can provide to operate your business through the disaster period (again, currently estimated to be January to June 2020). If you feel the amount is insufficient, you may request more. If the disaster goes on for a longer period, you may request additional funds.

### **What documents do we have to submit?**

A completed and signed business loan application ([SBA Form 5: mirror](#)). Make sure to select "Economic Injury" only on the form when inquiring about your business losses.

Other Required forms include:

- Requests for the IRS to provide transcripts of tax returns for the business, each general partner or managing member, each principal with 20% or more ownership, and any owner of 50% or more of an affiliate ([IRS Form 4506-T: mirror](#), Request for Transcript of Tax Return.)



- Complete copies, including all schedules, of the most recent federal tax returns of the business.
- A personal financial statement for the sole proprietor, general partner or managing member, or principal owning 20% or more of the business ([SBA Form 413: mirror](#), Personal Financial Statement.)
- Schedule of liabilities listing all fixed debts ([SBA Form 2202: mirror](#), Schedule of Liabilities, may be used.)

Additional information that may be needed. If requested, this following information will need to be provided within seven (7) days, so it makes sense to prepare it in advance:

- Complete copies, including all schedules, of the most recent federal income tax returns for principals, general or managing partners, or owners of affiliates.
- If the most recent federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year is acceptable.
- A current year-to-date profit and loss statement.
- Additional monthly sales figures ([SBA Form 1368: mirror](#), Additional Filing Requirements) and [Supporting Information: mirror](#). A ServiceTitan report called “SBA Monthly Revenue Reports” can easily be run for this information.

## APPENDIX

Facebook’s [Small Business Grants](#) program is the largest current private relief program and is preparing to offer \$100M in cash grants and ad credits for up to 30,000 eligible small businesses in over 30 countries where Facebook operates. The application is not yet live.

[Capital One](#), Citi and Wells Fargo have all issued statements indicating that they are willing to work with customers that experience financial difficulties. [Citi](#) issued a statement that for 30 days, small business customers are eligible to have their monthly service fees waived.

[American Express Financial Hardship](#) — Amex is evaluating accounts on a case-by-case basis under its Financial Hardship Relief program to provide support for cardholders impacted by COVID-19. If approved, your interest rate may be lowered to rates as low as 0%, and you may receive a waiver on late and other account fees.



[American Express Working Capital](#) – Amex business cardholders can enroll with no credit check and get ongoing access to funds used for vendor payments between \$500 and \$150,000 with repayment terms of 30, 60 or 90 days. These charge a fixed fee between 0.6% and 5.25%.