

APPLICATIONS FOR SBA ECONOMIC INJURY DISASTER LOANS - ACTION STEPS

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PLEASE REVIEW ALL STEPS BEFORE STARTING. To apply for a SBA COVID-19 Economic Injury Disaster Loan (EID Loan), we recommend you take the following action steps:

- A. **STEP 1:** Determine if your business qualifies as a small business. Eligible businesses are determined based upon size, type of business, and financial resources. Small business size standards for your business are based upon their NAICS classification. Depending on the industry, size standards may be based upon average annual revenues, average number of employees, or both. [Click here](#) to view the table of size standards by NAICS code.

Please Note. Affiliate businesses are aggregated with your business in determining if your business qualifies as a “small business.” See the additional information about affiliate businesses below. If you need help determining whether you have affiliate business that must be aggregated with your business, talk to one of the Ulmer contacts listed below.

- B. **STEP 2: BEFORE APPLYING** for an EID Loan, assemble all of the following in electronic .pdf form so they can be uploaded with your electronic application:

1. Complete, print, sign, and date fillable .pdf [Application, SBA Form 5](#) (for sole proprietorships, use [SBA Form 5C](#)).
 - a. **Include the disaster in your application – specifically name “COVID-19” or “coronavirus”**
 - b. Do not rush through the application. Check and recheck the filing requirements to ensure that all the needed information is completed prior to submission. The biggest reason for delays in processing is due to missing information.
 - c. Be sure to use the same contact information (business name and the name of all owners) that you use on your federal tax returns. Double-check that they match.
 - d. A small business has to show a loss effective January 31, 2020, to now and/or in the future, as compared to 2019 financials.
 - e. If your tax returns reference other businesses that you own, you must also submit those tax returns in order to avoid a processing delay.
 - f. If more funds are needed by your business, the applicant business can submit supporting documents and request an increase. If less funds are needed, applicants can request a reduction in the loan amount.
 - g. 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.
2. Complete, print, sign, and date [IRS Form 4506T, Tax Information Authorization](#).
 - a. Must be completed and signed by:
 - i. Each applicant business;
 - ii. Each principal owning 20% or more of your applicant business;
 - iii. Each general partner or managing member; and

- iv. By any owner who has greater than 50% ownership in an affiliate business (affiliate businesses include, but are not limited to: business parents, subsidiaries, and any other businesses with common ownership or management). See the additional information below about affiliate businesses.
 3. Have complete copies, including all schedules and attachments, of the most recent federal income tax returns for your applicant business, or an explanation if not available.
 4. Print and complete [SBA Form 413, Personal Financial Statement](#).
 - a. Must be completed, signed, and dated by:
 - i. Each applicant business;
 - ii. Each principal owning 20% or more of the applicant business; and
 - iii. Each general partner or managing member.
 5. Prepare a full Schedule of Liabilities listing all fixed debts for your business ([SBA Form 2202](#) may be used).
- C. **STEP 3:** Review the [Three Step Process Disaster Loans guide](#) from the SBA, so you understand the likely action steps the SBA will use in reviewing your application.
- D. **STEP 4:** Log onto the SBA's application website. Create a new account with user name and password. **Write down and keep your account name and password; neither the system nor any personnel are able to retrieve it.** You must be able to log back in to submit additional information the SBA may require, and to check the status of your application.
- a. [Click here](#) to view the application website.
 - b. **WARNING:** The website is slow due to very heavy demand. Apply when the demand is lower, between 10:00 p.m. and 7:00 a.m.
 - c. Save your work at every prompt. The website may go down periodically due to high volume. If this happens, try to login again at a later time.
 - d. Be sure to use the same contact information (business name and the name of all owners) that you use on your federal tax returns. Double-check that they match.
- E. **STEP 5 - Additional Information the SBA May Likely Require From You:** Prepare now for additional information the SBA likely may request, so you can respond quickly to any inquiry:
1. Complete federal income tax return for:
 - a. Each principal owning 20% or more of your applicant business;
 - b. Each general partner or managing member; and
 - c. Each affiliate when any owner has greater than 50% ownership in an affiliate business.

2. 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 for the applicant business.
3. A current year-to-date profit and loss statement for the applicant business.
4. Additional filing requirements ([SBA Form 1368](#)) providing monthly sales figures.
5. Available collateral for the loan.
 - a. Examples of collateral may include, but are not be limited to: machinery and equipment, accounts receivable, inventory, and real estate.
 - b. You likely will need to get permission from your existing lender to allow a second lien to the SBA on the collateral.
6. Information regarding how you will repay your loan (such as source of income to repay the SBA loan, or other assets available for that purpose).
7. To protect each borrower and the SBA, the SBA may require you to obtain and maintain appropriate insurance.

F. AFFILIATE BUSINESSES - Additional Information:

Affiliation with another business concern is based on the power to control, whether exercised or not. Such factors as common ownership, common management, and identity of interest (often found in members of the same family), among others, are indicators of affiliation. Power to control exists when a party or parties have 50% or more ownership. It may also exist with considerably less than 50% ownership by contractual arrangement or when one or more parties own a large share compared to other parties. Affiliated business concerns need not be in the same line of business. The calculation of a concern's size includes the employees or receipts of all affiliates.

G. TRUTHFUL APPLICATIONS; PENALTIES FOR MISREPRESENTATION:

1. Tell the Truth. Always be truthful and act in good faith at all times with respect to your SBA loan application and supporting information. **DO NOT** improperly attempt to fit within the business size limitations, overstate the economic injury your business incurred, misrepresent your past financial information, misrepresent how you will use the loan proceeds, or misrepresent how you will repay your loan.
2. Penalties For Misrepresentation. Penalties may include:
 - a. SBA suspension and debarment (preventing any future business with the federal government);
 - b. Civil penalties for fraud; and
 - c. Criminal penalties for fraud.

H. For Additional Information – please contact:

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