



MAG Fact Sheet

SBA COVID-19 Economic Injury Disaster

Small business owners in the U.S. can now apply for a low-interest 'Economic Injury Disaster Loan' (EIDL) of up to \$2 million as a result of the COVID-19 pandemic. These loans cover operating expenses or working capital needs in areas that have been declared a "disaster zone" – so every county in Georgia qualifies.

These are “working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.”

[Click to apply for SBA EIDL](#)

[Click for details on SBA EIDL](#)

The deadline to apply for one of these SBA loans is December 18, 2020.

The SBA will work with each state to “provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by [COVID-19].”

EIDL requirements...

- Applicants must have an acceptable credit history
- Applicants must demonstrate the ability to repay the loan
- Collateral (including real estate) is required for loans of more than \$25,000

SBA will not decline a loan for lack of collateral, but SBA will require the borrower to pledge available collateral.

The interest rate will be determined by formulas that are set by law and it will be fixed for the life of the loan. The maximum interest rate for an EIDL is 3.750 percent.

EIDL can be for up to 30 years. SBA will determine EIDL payments and loan duration on a case-by-case basis based on the individual's financial circumstances. The amount of an EIDL is “limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit.” SBA will also “consider potential contributions that are available from the business and/or its owner(s) or affiliates.” And “if a business is a major source of employment, SBA has the authority to waive the \$2 million statutory limit.”

Applicants who have not complied with the terms of previous SBA loans are not eligible, including those who did not maintain required flood insurance and/or hazard insurance on previous SBA loans.

EIDL applicants should “check with the agencies/organizations administering any grant or other assistance program under this declaration to determine how an approval of SBA disaster loan might affect their eligibility.”

EIDL cannot be used to refinance long-term debts.

SBA may require a company that applies for an EIDL to obtain and maintain appropriate insurance. Damaged or collateral property that is located in a special flood hazard area must purchase and maintain flood insurance. SBA requires that this flood insurance coverage be the lesser of 1) the total of the disaster loan or 2) the insurable value of the property or 3) the maximum insurance available.

Contact SBA’s Customer Service Center at 800.659-2955 or disastercustomerservice@sba.gov with questions.

Applications should be mailed to the U.S. Small Business Administration, Processing and Disbursement Center at 14925 Kingsport Road, Fort Worth, TX 76155.

Updated March 24, 2020.