



# Alabama Small Business Development Center Network

Strengthening Alabama's Economy, One Small Business at a Time.

[www.asbdc.org](http://www.asbdc.org)

## Economic Injury Disaster Loans (EIDL)

If your small business or private, nonprofit organization has suffered economic injury, regardless of physical damage, and is located in a declared disaster area, you may be eligible for financial assistance from the U.S. Small Business Administration. A complete paper application is attached.

### What is an Economic Injury Disaster Loan?

If your business is located in a declared disaster area and has suffered economic injury because of the disaster (regardless of physical damage), you may be eligible for an Economic Injury Disaster Loan (EIDL). Substantial economic injury is the inability of a business to meet its obligations as they mature and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster.

### Economic Injury Disaster Loan Eligibility

Those eligible for these loans are small businesses, small agricultural cooperatives and certain private nonprofit organizations of all sizes that have suffered substantial economic injury resulting from a physical disaster or an agricultural production disaster (as designated by the Secretary of Agriculture).

EIDL assistance is available only to businesses determined unable to obtain credit elsewhere. The SBA can provide up to \$2 million in disaster assistance; this includes both **economic injury** and **physical damage assistance**. Your loan amount will be based on your actual economic injury and your company's financial needs.

### Proper Use of Economic Injury Disaster Loan Proceeds

An EIDL can help you meet the normal financial obligations that your business or private nonprofit organization could have met had the disaster not occurred. It permits you to maintain a **reasonable working capital position** during the period affected by the disaster.

### Interest Rates on Economic Injury Disaster Loans

The interest rate on EIDLs cannot exceed 4 percent per year. The term of these loans cannot exceed 30 years. Your term will be determined by your ability to repay the loan.

### Application Information

Businesses may apply directly to the SBA for possible assistance. The SBA will send an inspector to estimate the cost of your damage once you have completed and returned your loan application.

### Who can help me with the application?

You can work with an [Alabama SBDC Network counselor](#) (call 877-825-7232) or with an SBA representative at a [mobile disaster recovery center](#).



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**Electronic Disaster Business Loan Application:** <https://disasterloan.sba.gov/ela/>

Paper Disaster Business Loan Application: <http://www.sba.gov/content/disaster-loan-paper-applications>  
(A complete paper application form begins on page 4.)

## Before you Begin:

You will need the following items

<input type="checkbox"/>	<b>Identity Information</b> -Social Security Number for you and all co-applicants -FEMA Registration Number, <i>if available</i> *
<input type="checkbox"/>	<b>Deed or Lease Information, if available</b> -Copy of your deed -Mortgage holder's name, address, telephone number -Landlord's name, address and telephone number -Copy of the title to your damaged mobile home, if available -Copy of the current registration to any damaged automobile or other vehicle, if available
<input type="checkbox"/>	<b>Insurance Information - Coverage for This Loss, if available</b> -Insurance policy (declaration page) -Settlement information -You may be asked to provide the name address and telephone number of your insurance agent
<input type="checkbox"/>	<b>Financial Information</b> -Copies of your (and your spouse's, if you are married) most recently filed Federal Income Tax Return, <i>if available</i> -If you changed employment within the past 2 years a copy of a current (within 1 month of application date) pay stub -If you are self-employed, current profit and loss statement and balance sheet, <i>if available</i> -Your current bank statements, investment mortgage information, business and farm records, stocks and bonds, and other investment records -Creditors' names (include all mortgages, credit cards, installment loans, personal loans, vehicle loans) -Monthly payments -Balances owed
<input type="checkbox"/>	<b>Miscellaneous Information, if available</b> -Account information on existing direct or guaranteed Federal and SBA loans -Details on delinquent taxes -Details on bankruptcies -Details on any outstanding judgments and pending lawsuits



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## Frequently Asked Questions:

### **How may I use an Economic Injury Disaster Loan (EIDL)?**

The loan will provide you with operating funds until your business or private, non-profit organization recovers. To the extent you could have made payments had the disaster not occurred, you may use the loan to make payments on short-term notes, accounts payable and installment payments on long-term notes.

### **How soon will I know if I get the Economic Injury Disaster Loan?**

That depends on how soon you file a complete SBA loan application. We must calculate the amount of economic injury and the working capital and other needs of your business or private, non-profit organization. We must be satisfied that you can repay the loan out of business operations, and we must take reasonable safeguards to help ensure the loan is repaid. The SBA loan application asks for the information we need. Since we process applications in the order received, the faster you can return it with all the needed information, the faster we can work on it. We try to make a decision on each application within 21 days. Be sure the information in your application is complete; missing information is the biggest cause of delay.

### **How soon can I expect the Economic Injury Disaster Loan money?**

Loans greater than \$5,000 have to be secured. After we approve a request, we will tell you what documents are needed to close the loan. When we receive these documents, we can order the checks. You will receive the money in installments, as it is needed.

### **If I receive an EIDL, may I spend the loan money any way I want?**

No. An EIDL is intended to help you maintain a secure financial condition until your business is back to normal. Your loan will be made for specific and designated purposes. Remember that the penalty for misusing disaster funds is immediate repayment of one- and-a-half times the original amount of the loan. The SBA requires that you keep receipts and good records of all loan expenditures for three years following receipt of your SBA loan.