



SBA Loan Assistance Webinar Questions

1. Where and how do we apply for the SBA loan?

ANSWER: Online at: www.disasterloan.sba.gov/ela/ or via telephone: 800-659-2955

2. What industry types can apply for disaster loans? Are bars eligible to apply for the - SBA Economic Injury Disaster Loan?

ANSWER: Any legal small business or private non-profit actively in business at the time of the disaster declaration in your state. Ineligible businesses are listed at end of this document. If you are unsure, apply and let the loan officer or processor help you determine.

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 (e.g., a manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product).

Eligible industries include, but are not limited to the following: hotels, recreational facilities, charter boats, manufactures, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers

3. What entities are ineligible for SBA disaster loans?

ANSWER: Per U. S. Small Business Administration 50 30 9 71 Effective Date: May 31, 2018, the following applicants are not eligible for EIDL assistance:

- Lending or Investment Concerns (except for real estate investments held for rental)
- Multi-level Sales Distribution (Pyramid) Concerns
- Speculative Activities



- Non-Profit Organizations that are not considered a Private Non-Profit
- Consumer and Marketing Cooperatives. However, other cooperatives and small agricultural cooperatives meeting applicable size standards are eligible
- Not a small business concern (except for PNP of any size)
- Gambling Concerns. Concerns that derive more than one-third of their annual gross revenue from legal gambling activities
- Casinos, Racetracks, Etc. Businesses whose purpose for being is gambling (such as casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of their ability to meet the one-third criteria established for otherwise eligible concerns
- Loan packagers who derives more than one-third of their annual volume from the preparation of applications seeking financial assistance from SBA
- Religious Organizations
- Political or Lobbying Concerns
- Pawn shops, when 50 percent or more of previous year's income was derived from interest
- Real Estate Developers. Establishments primarily engaged in subdividing real property into lots and developing it for resale on their own account.
- Life Insurance Companies.
- Concerns Engaged in Illegal Activities (as defined by Federal guidelines).
- Government-owned concerns, except for businesses owned or controlled by a Native American tribe.
- Concerns with Principals Incarcerated, on Parole or Probation: remain ineligible if the parole or probation is lifted solely because it is an impediment to obtaining a loan. (See possible exceptions in paragraph 3.6 A)
- Concerns engaged in live performances of, or the Sale of Products, Services, of a Prurient Sexual Nature
- Businesses considered as hobbies.
- Concerns Not Located in the Declared Disaster Area.
- Concerns Determined by SBA to have Credit Available Elsewhere.



4. Must you have an existing Small Business Administration Loan to be eligible for a disaster assistance loan?

ANSWER: No. SBA Disaster Assistance is a stand-alone program. Writing, funding, and servicing are of EIDL loans are independent of the “regular” SBA programs. There is no requirement for a banking relationship. The EIDL loan is a loan that is separate from any other loans you may have. One does not preclude the other.

5. If I am a Small Business owner and feel I don’t need to sign up for help just yet, how long will the Covid-19 SBA Disaster funds be available?

ANSWER: The current deadline to APPLY for South Dakota is Dec. 31, 2020. Deadlines are specific to each state. SBA encourages small businesses to apply now and develop a relationship with a disaster loan officer. The request in Phase I will be based on last year’s tax returns and cash flow requirements, seasonality (in which case summer is approaching and the market may be impacted from last year’s cash flow). It may be a running projection and may be modified as the year progresses.

6. If a business applies for the SBA Economic Injury Loan, will that affect their ability to apply for additional assistance once Congress passes the CARES Act?

ANSWER: We cannot address legislation that hasn’t passed yet, however, it is advised to apply now to get in the queue and address new legislation as it unfolds.

7. Along those lines, what is the difference between the SBA loan program and anything that is being proposed with the CARES Act?

ANSWER: At the present, any CARES Act program is separate from Disaster Assistance loan.

8. Are businesses like Chambers of Commerce or CVB’s eligible for the loan program or CARES Act?

ANSWER: Chambers and similar businesses are generally eligible. A loan officer will guide you on that after reviewing all the business information.



9. According to the details provided on SDvisit, businesses are eligible for the small business loan only if they are not eligible for credit elsewhere. What if that credit has a high interest rate that a small business would struggle to repay?

ANSWER: "Credit elsewhere" is determined by Disaster Assistance loan officers and relates to having independent resources available to use that does not impact the independent business recovery. Seeking credit external to Disaster Assistance is not required.

10. SBA website suggests that small businesses first must go through their insurance or prove that they are not eligible for other disaster relief programs before qualifying for the loan. I would be concerned that this would draw out the application process and take up time these businesses don't have.

ANSWER: The insurance industry has notified SBA that business interruption insurance will not cover losses for the COVID-19 event. Consequently, that is not applicable for these COVID-19 EIDL loans. Any impact on SBA Disaster Assistance regarding duplication of benefits will be determined later.

11. If we are a Non-Profit with only part-time workers whose only expenses are to maintain our buildings and whose only income is from donations -- are we eligible for the loan?

ANSWER: The insurance industry has notified SBA that business interruption insurance will not cover losses for the COVID-19 event. Consequently, that is not applicable for these COVID-19 EIDL loans. Any impact on SBA Disaster Assistance regarding duplication of benefits will be determined later. Churches or similar organizations are not currently eligible.

12. I have been having issues with the application regarding applying as an LLC. I am the sole member. I get to page 4 and the application just loops for me. I must be filling out something wrong. Am I supposed to use my name? page 1 #3 and then the business name in the Trade Name space #5?

ANSWER: Please contact our telephone representatives at: 800-659-2955



13. Question, the forms I filled out did not ask me what I would need in dollar terms; how will they calculate that? And, when can we expect assistance in the form of a loan?

ANSWER: Please use a best estimate for up to six months of operation. Perhaps you can base it on the same calendar period from previous years. We can adjust loan amount with you once it is place.

14. What is the estimated turnaround time from application to disbursement of funds?

ANSWER: It is very difficult to estimate due to processing across the entire U.S. This is a national disaster response effort, requiring additional processing time to meet the needs of small businesses nationwide. In the past, once a borrower has agreed to a loan, the approval process took up to 10 days and was mostly done electronically. It also depends on when the borrower is ready to receive funds.

15. Will the funds be a loan or a grant; will there be criteria in place that would change the initial loan to a grant?

ANSWER: This is a direct federal loan program currently.

16. What are the criteria for determining the maximum amount a business may apply for, the term of the loan, repayment schedule and the percentage rate?

ANSWER: The max for these loans is \$2 million. The term is up to 30 yr. Repayment is deferred to the 12th month after the note is signed. The current interest rate for business is 3.75% simple interest, and 2.75 for private non-profits.

17. Include info about Tribal or Native Owned (e.g., Native Owned small businesses – on or off the reservation – that are not connected to “Tribally Owned” – are they eligible to apply? Elaborate on this, please.

ANSWER: If an entity is operated by the Tribe or government agency it is not eligible. Native owned small businesses located in the declared area are eligible to apply. Geographically, if they are in a declared state, they are eligible to apply.



18. I had a question from a [Chamber of Commerce] member asking what's available for their business, which has been open less than 6 months. I believe SBA has a one-year requirement?

ANSWER: Disaster Assistance does not have a minimum time open. The only requirement is that the business be open and operating before the declaration date.

19. When can we expect to get a resolution from the time of submission?

ANSWER: Two to three weeks currently. However, we have had approvals within a couple of days already for this disaster. It depends on how complex the business is.

20. Do we request the amount or does SBA determine the eligibility?

ANSWER: SBA will determine with you, based on our best calculation.

21. [With current rates at] 2.75% for non-for-profit organizations, and 3.75% interest rate for businesses, would this 3.75% rate for businesses be reduced any further?

ANSWER: Not currently.

22. If a business has LOC, would it be eligible to apply the SBA disaster loan?"

ANSWER: Yes, if you have a LOC, the recommendation is to apply.

23. In this economic downturn, investors are pulling out or not investing funds. For a company that relies on investors to continue their research, down this qualify as economic injury?"

ANSWER: It is best to apply and discuss with the Loan Officer so that all factors can be reviewed.

24. My business has not been open for a year, so how do I judge what capital I will need to apply for going forward?"

ANSWER: Refer to your proforma and existing financials. Discuss it with the Loan Officer.



25. Can a startup qualify if in business for less than one year?

ANSWER: If the business was operating before and at the time of the disaster declaration you may be eligible. Discuss with the Loan Officer.

26. Can a business that has only been open less than a year apply?

ANSWER: Yes.

27. As a landlord can they apply for lost rents due to the shutdown?

ANSWER: Yes.

28. There's talk that some or all payroll related parts of the loan may be forgiven if the business keeps people employed. Do you have anything concrete on that yet?

ANSWER: Not currently.

29. If money is borrowed can it be repaid early? In the circumstance that the stimulus bill provides grants, can this money be used to repay the disaster loan. Also are there origination fees?

ANSWER: Yes, a loan may be repaid early with no penalty. There are no fees to apply, nor obligation with application. We currently do not have guidance on pending legislation. We will know more soon.

30. Can I apply since I'm a new business owner and don't have any employee?

ANSWER: Yes.

31. How would you look at sales for a restaurant that opened only two months ago - e.g., no sales history?

ANSWER: Apply and discuss with the Loan Officer.

32. Will interest begin immediately, or only after the first 12-month period?

ANSWER: Interest begins after disbursement is made.



33. Can you explain the first steps in the application process? What do we absolutely need to send in immediately?

ANSWER: Complete as much as possible on the application and submit it. This puts it in the processing queue so we can let you know what loan eligibility there is. This will add another tool to your recovery options.

34. Would you please repeat the 1-800 number that was announced during the SD Tourism webinar?

ANSWER: 800-659-2955

35. Will the SBA provide loan guarantees to banks to lower interest rates on property and equipment? If so, how much impact would that have on a loan interest rate?

ANSWER: People seek SBA guaranteed loans because credit is not available to their business on reasonable terms.

36. What is the number for online application assistance?

ANSWER: 800-659-2955

37. The stimulus package is going to Create a Paycheck Protection Program (PPP). It has been said that the Borrower cannot apply/carry both PPP and Economic Injury Disaster Loan (EIDL) for COVID-19, but can carry previous, non-COVID-19 EIDL and participate in PPP. if you start with an EIDL and the PPP is more advantageous when that arrives can you still get to the PPP funds?"

ANSWER: We cannot comment on pending legislation.

38. Did we hear that some of these ""loans"" would be forgiven?"

ANSWER: We have no information on that. It would be a departure for typical SBA operations.



39. Is there a mortgage refinance component for NPO orgs possible with this loan program?

ANSWER: Not currently. Operating capital only.

40. How do we calculate business loss? We don't know how much loss is going to be yet.

ANSWER: Start with the current operating loss and project six months. Once a loan is approved, we continue to service and adjust as needed during the term of the loan.

41. It was reported that if you've already laid off employees that it might disqualify you from getting aid. Is that correct?

ANSWER: That does not affect application eligibility for Disaster Assistance EIDL loans.

42. When does a business have to start making payments on the loan and does it accrue interest while no payments are made?

ANSWER: Interest accrues once disbursement is made. First payment is on the 12th month after the note date.