



Guide to Small Business Administration (SBA) Economic Injury Disaster Loans (EIDL)

The Federal government's Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) provides long-term, low-interest loans to stabilize nonprofit organizations (community associations) and small businesses experiencing a substantial economic injury as a result of the COVID-19 national emergency. The EIDL is used for working capital necessary until normal operations are resumed. **EIDLs may not fund expenses like payment of dividends and bonuses, expansions of facilities, retiring federal debt (except IRS obligations), or relocation expenses.**

Eligible entities are non-profits and small businesses (under 500 employees). Please check with your bank and other professionals for information regarding eligibility. Specifically, the following CAI members may be eligible.

- Community associations (*incorporated as a non-profit in their state*)
- Management companies
- Association business partners

What constitutes a substantial economic loss?

- The association or business is unable to pay ordinary operating expenses such as payroll, fixed debts, accounts payable, or other bills.
- The association or business has reduced working capital, increased expenses, cash shortages due to frozen receivables, accelerated debts, and similar economic injuries.

EIDL Grant and Fast Cash Access

Once an application is received, **SBA will advance up to \$10,000 to the applicant within three days.** If this advance is used to support obligations like payroll, paid sick leave for employees, and rent or mortgage payments the \$10,000 emergency advance may convert to a grant that is not required to be repaid. Congress allocated \$10 billion for these grants.

What are EIDL Terms? How much can be borrowed?

EIDL applicants must have an acceptable credit history and demonstrate an ability to repay the loan. The SBA indicated it will be flexible with applicants to offer maximum support during the COVID-19 national emergency.

Loan amounts (up to \$2 million) and payment terms (up to 30 years) are based on an applicant's financial circumstances and economic injury. Loan interest rates are capped at 2.75% for nonprofit organizations like community associations and 3.75% for businesses. Loans exceeding \$25,000 must be collateralized. Community association assessment income streams are acceptable collateral for EIDLs.

How Can My Association or Business Apply?

EIDL applications will be accepted through the SBA EIDL application portal:

<https://covid19relief.sba.gov/#/>

Required Documentation and Forms

SBA strongly encourages applicants to download and manually complete required loan documents before applying. Download the information packet on Applying for SBA Disaster Loans (EIDL) here:

https://www.sba.gov/sites/default/files/articles/EIDL_Information_and_Documentation_-_3-23-2020.pdf.

Congress waived some traditional EIDL requirements so applicants may not be required to provide all information below (i.e., tax returns). It is prudent to compile all information SBA may require prior to beginning an application. For detailed instructions,

Required forms for community associations:

- » [SBA Form 5](#)
- » Complete copy of the association's most recent tax return OR a copy of the association's IRS tax-exempt certification AND complete copies of the association's three most recent years' "Statement of Activities"
- » [SBA Form 2202](#), Schedule of Liabilities ([Instructions for SBA Form 2202](#))
- » Completed and signed [IRS Form 4506-T](#) ([Instruction for IRS Form 4506-T](#))

Required forms for community association management companies and business partners:

- » [SBA Form 5](#) OR [SBA Form 5C](#) (sole-proprietors)
- » Completed and signed [IRS Form 4506-T](#) ([Instruction for IRS Form 4506-T](#))
- » Completed copies, including all schedules, of the most recent Federal business income tax returns
- » Completed and signed Personal Financial Statement ([SBA Form 413D](#))
- » [SBA Form 2202](#), Schedule of Liabilities ([Instructions for SBA Form 2202](#))

Tips for Completing the Process

SBA reports its web-EIDL application portal is experiencing high traffic volume. To ensure your application process is easier—

- » Consider using the web-EIDL application during non-peak hours (early morning or evening)
- » Save your application progress regularly
- » Be sure to submit all required documentation—incomplete documentation causes delays
- » Be patient. SBA predicts it will take at least 2 hours to gather all information required to successfully apply.