



**FACT SHEET ABOUT U. S. SMALL BUSINESS ADMINISTRATION  
SEPTEMBER 11 ECONOMIC INJURY DISASTER LOAN PROGRAM**  
(Effective October 22, 2001)

*Filing Period to apply for economic injury loan assistance begins on October 22, 2001 and ends on January 21, 2002*

The purpose of the **September 11 economic injury disaster loan program** is to provide funds to eligible small businesses to meet its ordinary and necessary operating expenses that it could have met, but is unable to meet as a direct result of the destruction of the World Trade Center or damage to the Pentagon on September 11, 2001, or as a direct result of any Federal action taken between September 11, 2001 and the effective date (October 22, 2001) of the regulations implementing this program. These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary operating expenses and obligations until operations return to normal. The purpose of these loans is not to cover lost income or lost profits, or losses attributable to an economic downturn. EIDL funds cannot be used to refinance long-term debt or to expand the business.

Federal law requires SBA to determine whether credit needed to accomplish full recovery is available from non-government sources without creating an undue financial hardship to the applicant. The law calls this *credit available elsewhere*. Generally, SBA determines that over 90 percent of disaster loan applicants do not have sufficient financial resources to recover without the assistance of the Federal government. Because economic injury loans are taxpayer subsidized, Congress intended that applicants with the financial capacity to fund their own recovery should do so and therefore are not eligible for EIDL assistance.

**Credit Requirements:** SBA's assistance is in the form of loans, as such SBA must have a reasonable assurance that such loans can and will be repaid.

**Collateral Requirements:** Loans of \$5,000 or less do not require collateral. Loans in excess of \$5,000 require the pledging of collateral to the extent that it is available. Generally the collateral will consist of a first or second mortgage on the business property. SBA takes real estate as collateral where it is available. In addition, personal guaranties by the principals of the business are required. The SBA will not decline a loan for lack of collateral, but you must pledge available collateral.

**Interest Rate:** Interest rates are determined by formulas set by law and are recalculated quarterly. The maximum interest rate for this program is 4 percent.

**Loan Term:** The law authorizes loan terms up to a maximum of 30 years. SBA determines the term of each loan in accordance with the borrower's ability to repay. Based on the financial circumstances of each borrower, SBA determines an appropriate installment payment amount, which in turn determines the actual term.

**Loan Amount Limit - \$1,500,000.** The actual amount of each loan, up to this maximum, is limited to the actual economic injury as calculated by SBA, not compensated by business interruption insurance or otherwise, and beyond the ability of the business and/or its owners to provide. If a business is a major source of employment, SBA has authority to waive the \$1,500,000 statutory limit.

**Insurance Requirements:** To protect each borrower and SBA, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (economic injury loans over \$5,000) must purchase and maintain full hazard insurance for the life of the loan. Borrowers whose collateral property is located in a special flood hazard area must also purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

# SEPTEMBER 11 ECONOMIC INJURY DISASTER LOAN PROGRAM

## Frequently Asked Questions

### **I've heard that SBA loan applications are complicated and hard to complete. Is this true?**

No. The application form asks you for the same information about the business and its substantial owners and managers that generally is required for a bank loan. If you need help, SBA personnel will explain the forms and give you assistance at no charge. You may use the services of accountants, attorneys, or other representatives if you wish, but be sure they are reliable and that their fees are reasonable. You must report the use of a representative and the fees charged on your loan application.

### **What small businesses are eligible for the September 11 Economic Injury Disaster Loan Program?**

This program is for eligible small businesses located outside the declared disaster areas of the World Trade Center and the Pentagon. Any eligible small business that is unable to meet its financial obligations or pay its necessary operating expenses as a direct result of the terrorist attacks on September 11<sup>th</sup>, or as a result of any related Federal action taken between September 11 and the effective date (October 22, 2001) of the regulations implementing this program may be eligible for assistance.

### **Must I use my own money or try to borrow from a bank before I come to SBA?**

No. The resources of the business and its principals will be considered in determining the ability of the business to recover without the assistance of the Federal government.

### **When should I apply for the loan?**

Small businesses have until January 21, 2002 to apply.

### **What documentation do I need to give SBA to apply for this type of loan?**

The filing requirements are listed at the beginning of the application (SBA Form 5). In addition to the financial information required that you would normally submit for any loan, your application package must also include the following:

- A written explanation of how the destruction of the World Trade Center, the damage to the Pentagon, or a related Federal action has resulted in the small business experiencing substantial economic injury.

### **How can I show that my business has been impacted as a direct result of the September 11 terrorist attacks or as a result of a related Federal action that was taken between September 11<sup>th</sup> and the effective date (October 22, 2001) of the regulations implementing this program?**

Generally, SBA will use the following criteria in determining whether your economic injury is eligible for assistance under the September 11 Economic Injury Disaster Loan Program:

1. Your small business was located in an airport or other facility that was closed or suspended its operations or was otherwise disrupted as a result of national security as mandated by the Federal government; or
2. Your small business supplied or provided services to a business that was located in or near the World Trade Center or Pentagon; or
3. Your small business supplied or provided services to a business or industry adversely affected by the destruction of the World Trade Center or damage to the Pentagon on September 11, 2001 or Federal action; or is otherwise dependent on a business or industry so adversely impacted; or
4. Your small business is dependent upon a business or other organization that was closed or suspended its operations or was otherwise disrupted as a result of the destruction of the World Trade Center or damage to the Pentagon on September 11, 2001 attacks or Federal action; or
5. Your small business was directly impacted by the destruction of the World Trade Center or damage to the Pentagon on September 11, 2001 or related Federal actions taken in response to those actions between September 11 and October 22, 2001.

Please note that a general decline in business since September 11 is not eligible for this program unless it is the direct result of the destruction of the World Trade Center, damage to the Pentagon, or related Federal actions. A decline in revenue due to public reaction in the wake of September 11<sup>th</sup> is not covered by this program.

### **What does "substantial economic injury" mean?**

*Substantial economic injury* means that your business either has been or will be adversely impacted by the destruction of the World Trade Center, the damage to the Pentagon, or a related Federal action, and that the business is (1) unable to meet its financial obligations as they mature, and (2) is unable to pay its ordinary and necessary operating expenses.

### **Can I use the money to pay off or refinance my existing debts?**

No. You cannot use the proceeds of an economic injury disaster loan to pay off or refinance debt. The money can only be used for operating expenses or to make payments on your debts until the business recovers.

**When will I know if I get the loan?**

That depends on when you file a complete SBA loan application. To make a loan, we must be satisfied that the business can repay the loan from its operations and take reasonable safeguards to help ensure that the loan is repaid. Since we process applications in the order received, the faster you return the application with all the needed information, the faster we can work on it. We try to make decisions 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 my money?**

Upon approval of your loan request, we will send you loan closing documents describing all loan terms and conditions. Once we receive these documents, we can disburse the funds.

**Below are listed the offices, addresses, phone numbers, and the states each office serves:**

Disaster Area 1 Office  
360 Rainbow Blvd., South  
Niagara Falls, NY 14303  
1-800-659-2955

Serves: Connecticut, District of Columbia, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands, Virginia and West Virginia

Disaster Area 2 Office  
One Baltimore Place, Suite 300  
Atlanta, GA 30308  
1-800-359-2227

Serves: Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina, Tennessee and Wisconsin

Disaster Area 3 Office  
4400 Amon Carter Blvd., Suite 102  
Ft. Worth, TX 76155  
1-800-366-6303

Serves: Arkansas, Colorado, Iowa, Kansas, Louisiana, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming

Disaster Area 4 Office  
P. O. Box 13795  
Sacramento, CA 95853-4795  
1-800-488-5323

Serves: Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon, Washington, Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia and the Republic of the Marshall Islands.

For additional information please visit SBA's website at [www.sba.gov](http://www.sba.gov).