



## Office of Inspector General U.S. Small Business Administration

July 14, 2020

### Lender Alert: Economic Injury Disaster Loans

The Small Business Administration's (SBA's) Economic Injury Disaster Loan program is part of the nation's response to the Coronavirus 2019 (COVID-19) pandemic under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These economic injury loans are intended to help eligible small businesses with expenses such as

- fixed debts,
- payroll,
- accounts payable and
- other eligible bills.

Interest rates vary between 2.75 percent and 3.75 percent. Terms are based on the borrower's ability to repay but may be up to a maximum of 30 years. Eligibility determination is the same as for SBA's Payroll Protection Program loans.

**Note: Beginning July 11, 2020, SBA no longer offers advances on Economic Injury Disaster Loans.** Until July 10, 2020, eligible small business owners in all U.S. states, Washington, D.C., and territories were able to request an advance of up to \$10,000.

The current maximum loan amount is \$150,000 per entity or a maximum amount of \$2 million for all affiliated businesses. Loan disbursements and advances are made through the U.S. Department of the Treasury's automated clearing house system as deposits from SBA.

### What to Do if You Must Return Funds to SBA

Lenders who have questions about eligibility or need to return money should contact SBA at [eidl.ach.inquiries@sba.gov](mailto:eidl.ach.inquiries@sba.gov).

### What to Do if You Suspect Fraud

Warning signs of fraud include:

- Using stolen identities to qualify for funds
- Applications from ineligible persons (nonbusiness entities, suspended or debarred individuals, etc.)
- Fake businesses established specifically to apply for SBA assistance
- Borrowers working with third parties to obtain Economic Injury Disaster Loan funds in exchange for keeping a percentage of the funds
- Borrowers using economic injury loan money to start businesses

- Misuse of loan funds
- Reporting inflated business and financial information, etc.
- Borrowers declining loans after advance funds have been deposited

Lenders who suspect attempted fraud should contact the National Center for Disaster Fraud Hotline at 1-866-720-5721 or fill out the Web Complaint Form at <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

Lenders may also report fraud, waste, abuse, or mismanagement of federal funds involving SBA programs, operations, or personnel to the SBA OIG Hotline at (800) 767-0385. You can also submit a complaint form at <https://www.sba.gov/about-sba/oversight-advocacy/office-inspector-general/office-inspector-general-hotline#section-header-0>