



EIDL DENIALS

MINI-WORKSHOP SERIES



PRESENTED BY: TOM TANNER

Emergency Injury Disaster Loan Denials

One of three reasons for denials

- Unverifiable Information
- Unsubstantiated Economic Injury
- Poor Credit History

General Notes

- Must be submitted within as soon as possible but no more than six months. (Do ASAP)
- Must be complete, cannot submit multiple packages
- All required forms need to be signed

Reconsideration Request

- A request for reconsideration must contain all significant new information that you rely on to overcome SBA's denial of your original loan application. Your request for reconsideration of a business loan application must also be accompanied by current business financial statements.
- If SBA declines your application a second time, you have the right to appeal in writing to the Director, Disaster Assistance Processing & Disbursement Center. All appeals must be received by the processing center within 30 days of the decline action. Your request must state that you are appealing and must give specific reasons why the decline action should be reversed.

Unverifiable Information

The SBA is unable to match the information provided with the information in record with credit agencies, city, county, state, IRS or bank.

Complete and send the following:

- IRS Form 4506-T
- Picture ID
- Tax Returns – 2018, 2019
- Voided Check
- Articles of Organization, Corporation, Fictitious Name Certificate

Unsubstantiated Economic Injury

The information turned in with application did not suggest any economic injury. In order to qualify for a loan the change in financial condition must result in the business being unable to meet its obligations. Cost of Goods vs Revenue wrong, or lack of proof on injury.

- Compare gross margins – before and after disaster
- Amount of funds needed to operate until normal operations resume

Economic injury loans cannot exceed the financial requirements the business and its owners could have covered had there been no disaster.

Poor Credit History

This is a loan so credit history will be looked at.

- Gather all supporting documents to include
 - Last two-year tax returns – personal and business
 - Current year profit and loss statements comparing last year same period to this year
 - Narrative explaining the following.
 - The reason you were denied.
 - Explanation as to why your credit is unacceptable to them.

Denial for Unverifiable Information

To Whom It May Concern:

I am writing to request a reconsideration of the denial for EIDL assistance (application number _____). The reason of denial was for unverifiable information.

I operate a gym that has been in business since 2016. I understand the loan application was denied because of unverifiable information. Since no other further information was provided, I am providing the following information to reconsider our application.

- IRS Form 4506-T signed for the company and owner
- A copy of the owner's driver license
- Tax returns for the business and owner for 2018 & 2019
- Voided check showing routing number and account number
- Articles of organization or incorporation if LLC or Corporation, of DBA certificate showing Fictitious name

I am requesting \$25,000 in loan assistance. **Note: You could also provide detail of what the loan would be used for.**

Please contact me at _____ if you have questions or need additional information. I look forward to hearing from you soon.



Denial for Unsubstantiated Economic Injury

To Whom It May Concern:

I am writing to request a reconsideration of the denial for EIDL assistance (application number _____). Your reason of denial was for unsubstantiated economic injury.

We are in the manufacturing sector, manufacturing specialized auto parts for the automotive industry. Our business was due to open on February 28, 2020. Prior to the opening of our business the owners had invested \$275,000 of their own money and received a loan of \$500,000. This money was used to buy equipment, complete leasehold improvements and for working capital. We had already interview numerous people, had hire seven full-time staff and prepared to hire more. The Covid19 disaster struck and closed us down without ever having the chance to open or produce revenue.

Evidence by the amount of capital both invested and borrowed, along with the employees hired and ready to start work, this disaster has caused us irreparable harm. With no income coming in and the working capital that was put to the side almost used up, our need for this loan is critical to our survival. Without this loan, the time, effort and money put into this endeavor will be loss along with the jobs that would be created.

I request that you urgently reconsider your decision and provide us with the needed funding to keep our business afloat. We are requesting \$145,000 in loan assistance. We have provided the list of startup expenses, the amount of capital invested, the amount loans received and the personal tax returns and personal financial statements of each owner.

Please contact me at _____ if you have questions. I look forward to hearing from you soon.

Note: You could also provide detail of what the loan would be used for.



Denial for Unsubstantiated Economic Injury

To Whom It May Concern:

I am writing to request a reconsideration of the denial for EIDL assistance (application number _____). Your reason of denial was for unsubstantiated economic injury.

Our business owns a motel and have been in business since 2005. Prior to the disaster we employed eight people. If you see the attached Profit & Loss Comparison Report showing the January-May 2019 vs January – May 2020, you will see that our business revenue is down 65%. Additionally if you look at the period of March 1- May 31 for 2019 and 2020 you will see we have loss 84% of our business.

We have invested over \$1,000,000 in our property and have consistently provided jobs to eight people. As you can see from our financials, we have certainly been affected by this disaster. In order to keep our business from closing and employees losing their jobs, we need a minimum of \$100,000 in disaster loans to help cover our normal operating costs such as mortgage payments, insurance, utilities and what employees we can keep.

I request that you urgently reconsider your decision and provide us with the needed funding to keep our business afloat. We are requesting \$75,000 in loan assistance. We have provided our profit and loss statements and balance sheets, the amount of capital invested, the personal tax returns and personal financial statements of each owner along with business tax returns.

Please contact me at _____ if you have questions or need additional information. I look forward to hearing from you soon.

See attached our comparison P&L and BS, our 2018, 2019 tax returns and the owners 2018, 2019 tax returns along with personal financial statement. **Note: You could also provide detail of what the loan would be used for.**



Denial for Poor Credit History

To Whom It May Concern:

I am writing to request a reconsideration of the denial for EIDL assistance (application number _____). Your reason of denial was for poor credit history.

We operate a travel agency in business since 1995. The small travel agency business sector has been hit hard by the large Internet travel business and as such our income has been declining over the last few years. In late 2019 we invested \$100,000 in computers and software to allow us to better compete with the larger companies. We also hired additional employees. Because of our decrease in revenue over the last several years, we had gotten behind in some of our bills, and as such our credit score had suffered. Additionally, since the owners did not take any pay in the 2nd half of 2019 the owners have also been personally affected by poor credit.

Our majority owner also had a large medical bill which he has defaulted on. The SBA may not be aware of this issue and as we understand the SBA cannot turn down a loan for medical debt.

Our company was poised for a great 2020, starting the year off well, but was hit hard at the end of February when 90% of our revenue went away. We have invested heavily in new technology and in people and have been drastically affected by the Covid 19 disaster.

I request that you urgently reconsider your decision and provide us with the needed funding to keep our business afloat. We are requesting \$35,000 in loan assistance to help cover rent, note payments, utilities and what employees we still have.

Please contact me at _____ if you have questions. I look forward to hearing from you soon.

See attached our comparison P&L & BS, our 2018, 2019 tax returns and the owners 2018, 2019 tax returns along with personal financial statement. **Note: You could also provide detail of what the loan would be used for.**



Denial for Poor Credit History

To Whom It May Concern:

I am writing to request a reconsideration of the denial for EIDL assistance (application number _____). The reason of denial was for poor credit history.

I operate a restaurant that has been in business since 2012. I understand the loan application was denied because of poor credit history. Since no further information was provided, I checked the credit reports at the three credit reporting agencies (Equifax, TransUnion & Experian). When checking these reports, all three had reported defaults and other late payments on erroneous information that did not involve our company, but a separate company with a different EIN with a similar name.

I have notified these agencies with the correct information which we have attached. Our understanding is that the change to our credit report could take weeks or months to fix and our business does not have the time or resources to wait.

I have enclosed our documentation to include Profit & Loss statements, Balance Sheets, tax returns for the business and owners. I request that you urgently reconsider your decision and provide us with the needed funding to keep my business afloat. I am requesting \$25,000 in loan assistance to cover our rent, utilities and what employees we still have.

Please contact me at _____ if you have questions. I look forward to hearing from you soon.

See attached our comparison P&L, our 2018, 2019 tax returns and the owners 2018, 2019 tax returns along with personal financial statement.

Note: You could also provide detail of what the loan would be used for.



Where to send

*Mail to: U.S. Small Business Administration
Disaster Assistance
Processing & Disbursement Center
14925 Kingsport Road
For Worth, Texas 76155*

Fax: 202-481-5931

Email: pdcrecons@sba.gov



EIDL Loan Specifics – 13 CFR 123.300

If your business is located in a declared disaster area, and suffered substantial economic injury as a direct result of a declared disaster, you are eligible to apply for an economic injury disaster loan.

- Substantial economic injury is such that a business concern is unable to meet its obligations as they mature or to pay its ordinary and necessary operating expenses.
- Loss of anticipated profits or a drop in sales is not considered substantial economic injury for this purpose.

EIDL Loan Specifics

- Loans less than \$25,000 require no collateral
- Loans greater than \$25,000 grants the SBA continuing interest in all Collateral of the company currently owns or shall acquire immediately upon receipt of funds.
 - Equipment
 - Promissory notes
 - Receivables
 - Deposit accounts
- Borrower will not sell or transfer any collateral (except normal inventory turnover in the ordinary course of business) described in the "Collateral" paragraph hereof without the prior written consent of SBA.
- Borrower will neither seek nor accept future advances under any superior liens on the collateral securing this Loan without the prior written consent of SBA.



EIDL Loan Specifics

USE OF LOAN PROCEEDS

- Borrower will use all the proceeds of this Loan solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter
- Borrower will obtain and itemize receipts (paid receipts, paid invoices or cancelled checks) and contracts for all Loan funds spent and retain these receipts for 3 years from the date of the final disbursement. Prior to each subsequent disbursement (if any) and whenever requested by SBA, Borrower will submit to SBA such itemization together with copies of the receipts.

We help you turn your big ideas into bigger bottom lines by providing strategic guidance, digital tools, and interactive events that empower action.

Regional Advising Team

Tom Tanner, Lead Advisor

Cheryl Tucker, NRV Advisor

Heather Fay, Botetourt + Regional Program Director

Amanda Forrester, Director

www.roanokesmallbusiness.org/advising