

Economic Injury Disaster Loan (EIDL) Program Overview

Under the Small Business Act section of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress directed the Small Business Administration (SBA) to make Economic Injury Disaster Loans (EIDL) of up to \$2 million to businesses with fewer than 500 employees. While the original EIDL loan program under the Small Business Act was closed to agricultural businesses, Congress just recently placed no such limitation on the EIDL programs with the new amendment.

Applicants that are seeking this additional funding are allowed to also have a Paycheck Protection Program (PPP) loan, however, they cannot use the EIDL funds for the same purpose of use of funds as the PPP program.

Emergency EIDL Grant

Congress set aside in the original CARES Act \$10 billion and have pledged an additional \$10 billion for the emergency EIDL program.

- Advance of funds from EIDL request
- Shall be not more than \$10,000
 - Based on employee count, \$1,000 per employee up to the maximum of \$10,000
- Appropriate use of funds include:
 - providing paid sick leave to employees unable to work due to the direct effect of the COVID-19;
 - maintaining payroll to retain employees during business disruptions or substantial slowdowns;
 - meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains;
 - making rent or mortgage payments; and
 - repaying obligations that cannot be met due to revenue losses.
- This emergency grant of funds can be forgiven

EIDL Loan Program

Congress appointed an additional \$50 billion in funds for the loan portion of the EIDL program.

- The loan amount is \$2 million max; amount will be determined case-by-case scenario
- Terms:
 - Interest rate of 3.75% for small business and 2.75% for non-profits
 - Maximum of 30 year payback period, case by case scenario
- Waiver
 - Personal guarantee on advances and loans below \$200,000
 - Requirement that an applicant needs to have been in business for the one year period before disaster, except for business not in operation on 1/31/2020
 - Credit elsewhere letter
- EIDL Loan funds are not eligible for debt forgiveness
- What it covers:
 - Repaying obligations that can't be met due to revenue losses
 - Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains
 - Making rent or mortgage payments

- Maintaining payroll
- Providing sick leave to employees unable to work due to COVID-19 direct effects

Application Process

The application process is fairly simple to get started and shouldn't take more than 10 minutes to complete. If the applicant would like to receive the grant funds, they will need to select that option and provide bank account information before submitting. The applicant will apply online, and will need the following information (on top of their basic information):

- Gross Revenues
- Cost of Goods Sold
- Lost Rents (for rental property owners)
- Cost of Operating Expenses (for non-profits)
- Other Reimbursements Will Receive (i.e. business interruption insurance)
- Number of Employees

After submitting the application online, SBA will then reach back out to the applicant to see if they need any additional funds besides the emergency grant funds. If they do need further assistance through the loan portion of the EIDL program, SBA may require the following information (likely determined on a case-by-case scenario):

- SBA loan application (SBA form 5 or 5C)
- Personal financial statements (SBA form 413)
- Schedule of liabilities (SBA form 2202)
- Tax information authorization (IRS form 4506T)
- Federal income tax returns (with schedules) for principals, general partners or managing member and affiliates for 3 years
- If the most recent Federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year
- A current year to date profit and loss statement
- Additional filing requirements (SBA form 1368) providing monthly sales figures

Ineligible Use of Funds:

- Dividends and bonuses
- Disbursements to owners, unless for performance of services
- Repayment of stockholder/principal loans (with exceptions)
- Expansion of facilities or acquisition of fixed assets
- Repair or replacement of physical damages
- Refinancing long term debt
- Paying down or paying off loans provided, or owned by another federal agency (including SBA) or a Small Business Investment Company
- Payment of any part of direct federal debt (including SBA loans) except IRS obligations
- Relocation

Disaster Loan Contact Information:

Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339);

or email DisasterCustomerService@sba.gov