

ECONOMIC INJURY DISASTER LOAN (EIDL) PROGRAM

The CARES Act made several changes to the Economic Injury Disaster Loan (EIDL) Program:

- EIDL Loans are available to small businesses to cover economic injury resulting from the COVID-19 disaster.
- EIDL Loans are processed directly through the SBA, although the SBA may determine to enlist the assistance of lenders for the processing and making of loans.
- EIDL Loans are available in a maximum amount of \$2 million, carry an interest rate of 3.75 percent, and have a maximum term of 30 years.
- Loans over \$200,000 must be guaranteed by any owner having a 20 percent or greater interest in the applicant (the CARES Act removed the requirement for personal guarantees on loans under \$200,000).
- The CARES Act also removed standard EIDL Program requirements that the borrower is not able to secure credit elsewhere or that the borrower has been in business for at least one year, as long as it was in operation on January 31, 2020.
- The applicant may request an expedited disbursement that is to be paid within three days of the request. The advance may not exceed \$10,000 and must be used for authorized costs but is otherwise not repayable if the EIDL Loan is not approved.
- NOTE: An applicant may receive an EIDL Loan and loans under other programs (such as the Paycheck Protection Program described below) as long as the basis for the loans/costs being paid with each is different (no "double-dipping"). For example, a company could use the EIDL for working capital and use the PPP for payroll assistance. There are no prepayment penalties for the EIDL or the PPP.

SBA is once again accepting applications through a new online system: <https://covid19relief.sba.gov/> Through this portal, you can request the \$10,000 forgivable loan. As of this writing (30 March 2020), this is the only way to access the \$10,000 forgivable loan. If a company accepts the \$10,000 forgivable loan and then accepts a loan under the Paycheck Protection Program (PPP), the amount of forgivable expenses will be reduced by \$10,000. If you received an EIDL loan related to COVID-19 between January 31, 2020, and the date at which the PPP becomes available, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes.