

GUIDE TO SBA'S ECONOMIC INJURY DISASTER LOANS

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act expands the Small Business Administration's long-standing Economic Injury Disaster Loan Program (EIDL). The EIDL program was created to assist businesses, renters, and homeowners located in regions affected by declared disasters.

Who is ELIGIBLE?

In general, all of the following entities that have suffered substantial economic injury caused by a disaster provided they were in existence on January 31, 2020:

- Businesses with fewer than 500 employees
- Cooperatives, ESOPs, and tribal small businesses with fewer than 500 employees
- Sole proprietors
- Independent contractors
- Most private nonprofits

What are the LOAN PARAMETERS?

- The maximum EIDL is a \$2 million working capital loan at a rate of 3.75% for businesses and 2.75% for nonprofits with up to a 30-year term
- Payments on Coronavirus EIDL loans are deferred for one year
- Up to \$200,000 can be approved without a personal guarantee
- Approval can be based on a credit score and no first-year tax returns are required
- Borrowers do not have to prove they could not get credit elsewhere

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changed to
max of \$1,000
per employee
- No collateral is required for loans of \$25,000 or less. For loans of more than \$25,000, general security interest in business assets will be used for collateral instead of real estate
 - The borrowers must allow the SBA to review its tax records

How can I access an EMERGENCY \$10,000 GRANT?

- Eligible applicants for an EIDL can receive a \$10,000 emergency grant within three days of application (through Dec. 31)
- There is no obligation to repay the grant. To receive the \$10,000 emergency grant, it is not necessary to have an approved EIDL loan. However, if you are able to secure a PPP loan, the \$10,000 grant will be subtracted from the forgiveness amount

NOTE: The Paycheck Protection Program (PPP) created by the CARES Act prohibits borrowers from taking out two loans for the same purpose. For more information on PPP loans, visit uschamber.com/sbloans

How do I APPLY?

Apply online at SBA.gov/disaster

Forbes Magazine online

04/04/2020

Interview with Schweiger

The Economic Injury Disaster Loan (EIDL) is the second major lending component of the CARES Act that's aimed at smaller businesses (again, generally those with fewer than 500 employees). It's an expansion of the SBA's existing disaster loan program.

This loan allows borrowers to borrow up to \$2 million dollars at an interest rate not to exceed 3.75%. For loans of less than \$200,000, the borrower is not required to submit personal guarantees.

The SBA will request collateral if the loan exceeds \$25,000, but the failure to provide collateral does not disqualify the application. Unlike the PPP loan, the EIDL loan is obtained directly through the SBA, rather than through an approved lender.

One of the most attractive features of the EIDL is that borrowers are eligible to request an emergency advance of up to \$10,000 that does not have to be repaid....

even if the application is ultimately denied. Furthermore, the SBA is expected to provide the advance **within three days of receipt of a borrower's application.**
