SMALL BUSINESS LOANS: FAQs

SBA Loan Programs on hold: $350 billion funding allotment reached.

From SBA: “SBA is unable to accept new applications at this time for the Paycheck Protection Program or the Economic Injury Disaster Loan (EIDL)-COVID-19 related assistance program (including EIDL Advances) based on available appropriations funding. EIDL applicants who have already submitted their applications will continue to be processed on a first-come, first-served basis.”

An additional $250 billion in funding for SBA programs has been requested, and is awaiting approval from Congress. Lawmakers are haggling over whether to extend the program as it stands now or to add provisions that among other things would help minority businesses. It is unclear when they might reach an agreement that would allow loan approvals to continue.

Small businesses now have access to additional financial assistance through the CARES Act. The U.S. government designated $350 billion towards small business loans as part of the $2 trillion CARES Act bill signed on March 27. Below, find answers to some Frequently Asked Questions regarding the new PPP (Paycheck Protection Program) and EIDL (Economic Injury Disaster Loans) programs. You can find introductory information guides to both of these programs at [www.artsandbusinesscouncil.org/covid-19](http://www.artsandbusinesscouncil.org/covid-19).

**Can I apply for both PPP and EIDL?**

Yes. You can apply for – and accept – both small business loans. However, these loans cannot be used for the same purpose at the same time. For example: in order to have the loan forgiven, PPP requires businesses to spend no more than 25% of the loan on non-payroll related expenses. EIDL can be used to cover additional non-payroll costs not covered by your PPP loan. You cannot receive more than one PPP loan.

**Can I refinance my existing EIDL loan into a PPP loan?**

Yes. If an EIDL loan was used for payroll costs, the PPP loan must be used to refinance the EIDL loan.

**If I refinance my EIDL loan under PPP, will it be forgiven?**

An EIDL loan taken out between January 31, 2020 and April 3, 2020 may be forgiven if it is refinanced under a PPP loan. However, you must use the refinanced loan under the same terms as a new PPP loan in order to receive loan forgiveness. The $10,000 Emergency Advance under the EIDL loan will be deducted from the forgiveness amount on the PPP loan.

**How much time do I have to apply for a small business loan?**

All small business loan guidelines recommend applying as soon as possible, as they are “first come, first served,” and the PPP program has seen a surge of applicants since its launch. EIDL
loans and PPP loans for small businesses and sole proprietors are now being accepted. PPP loans for independent contractors and self-employed individuals will be accepted beginning April 10. The PPP loan deadline is June 30.

While EIDL loans are processed through the Small Business Administration, PPP loans are processed through individual banks, credit unions, etc. Many of those institutions are limiting PPP loan eligibility to existing customers only. If you are seeking to obtain a PPP loan, we recommend contacting your current banking partner first.

Questions?
We understand you likely have a number of unanswered questions. The Arts & Business Council will regularly publish updated information regarding COVID-19 assistance as it is made available, and we invite any questions you may have in the meantime.