SBA Economic Injury Disaster Loans (EIDL)

Notice: On June 15, SBA began accepting new EIDL and EIDL Advance applications from qualified small businesses and U.S. Agricultural businesses. In response to the coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are able to apply for an Economic Injury Disaster Loan (EIDL) Advance of up to $10,000. This advance is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. This loan advance will not have to be repaid. SBA resumed processing EIDL applications that were submitted before the portal stopped accepting new applications on April 15 and will be processing those applications on a first-come, first-serve basis.

May 5, 2020 update: SBA Loan Programs have been resumed. An additional $310 billion was allocated to the SBA PPP and EIDL loan programs in a COVID-19 Rescue Bill signed by President Trump on April 24. Of that $310 billion, $50 billion has been allocated to the EIDL loan, and $10 billion to the EIDL Advance.

SBA has resumed processing EIDL applications that were submitted before the portal stopped accepting new applications on April 15 and will be processing these applications on a first-come, first-served basis. SBA will begin accepting new Economic Injury Disaster Loan (EIDL) and EIDL Advance applications on a limited basis only to provide relief to U.S. agricultural businesses.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act expands the Small Business Administration’s long-standing Economic Injury Disaster Loan Program (EIDL) to assist businesses effected by COVID-19.

What is the EIDL?
- A low-interest loan issued by the Small Business Administration (SBA)
- Assists small businesses impacted by a disaster (in this case, Coronavirus) with operating expenses.

Eligibility
- Small Businesses, Nonprofits, Independent Contractors, and Sole Proprietors with fewer than 500 employees
  - Find SBA Size Standards here.
- The business must have been in existence on or before January 31, 2020
- The business must prove negative impact due to COVID-19
- Subject to credit approval and ability for repayment

Loan Terms
• Up to $2 million; specific loan amount determined by level of “injury” sustained
• No collateral required for loans under $25,000
• No personal guarantee required for loans under $200,000
• 3.75% interest for small businesses
• 2.75% interest for nonprofits
• Deferred payments for 1 year
• Max repayment period of 30 years
• Unlike PPP loans, EIDL loans are not forgivable, except for the up to $10,000 Emergency Advance.

How Can I Use the Loan?
• General operating expenses
• Fixed debts (rent, etc.)
• Payroll
• Accounts payable
• Bills that could have been paid had the disaster not occurred

How Do I Apply?
• Apply through the SBA site directly: https://disasterloan.sba.gov/ela/
• You will need:
  o SBA Loan Application (SBA Form 5, or 5C for Sole Proprietors)
  o Tax Information Authorization (IRS Form 4506T) (4506T Instructions)
  o Complete copies of the most recent Federal Income Tax Return
  o Schedule of Liabilities (SBA Form 2202) (Form 2202 Instructions)
  o Personal Financial Statement (SBA Form 413)
• Other information that may be requested:
  o Complete copy of the most recent Federal Income Tax Return for principals, general partners or managing member, and affiliates
  o Year-end profit-and-loss statement if most recent Federal Income Tax Return has not yet been filed
  o Current year-to-date profit-and-loss statement
  o Additional Filing Requirements (SBA Form 1368) providing monthly sales figures

Other Guidelines
• The EIDL Application is available through SBA now.
• Download and/or print out the application first to familiarize yourself with what is required, then submit it online for easier and quicker processing. If your application is incomplete, the process for approval will be delayed.
• If you are approved for a loan, you are not required to accept it.
• If more funds are needed, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.
EIDL EMERGENCY GRANTS
Under the CARES Act, SBA is issuing Emergency Advance grants to eligible EIDL applicants.

Emergency Advance Guidelines
- Emergency grant up to $10,000 available
  - $1,000 per employee, maximum of $10,000
- Available through December 31, 2020
- Indicate your interest in this Emergency Advance on your EIDL application
- You do not need to be approved for and receive an EIDL loan in order to receive the Emergency Advance.
- The Emergency Advance is forgivable and will not have to be repaid.

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.