



Rev. January 21st, 2021

SBA Economic Injury Disaster Loans (EIDL)

On January 15th, the SBA began accepting applications for COVID-19 Economic Injury Disaster Loans from all qualified small businesses, including agricultural businesses, and private nonprofit organizations. The EIDL program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to coronavirus (COVID-19).

Currently, the EIDL Loan is not forgivable while the EIDL Advance is. Payments for EIDL Loan may be deferred for up to one year while interest still accrues.

COVID-19 Targeted EIDL Advance was signed into law on December 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. The Targeted EIDL Advance provides businesses located in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency.

Advance funds of up to \$10,000 will be available to applicants located in low-income communities who previously received an EIDL Advance for less than \$10,000, or those who applied but received no funds due to lack of available program funding. Applicants do not need to take any action at this time.

The SBA will reach out to those who qualify.

The SBA will first reach out to EIDL applications that already received a partial EIDL Advance (i.e. between \$1,000 - \$9,000). Applicants will be contacted directly by SBA via email in the coming weeks with instructions to determine eligibility and submit documentation.

Applicants may qualify if they:

- Are located in a low-income community. The definition of a “low-income community” is defined in section 45D(e) of the Internal Revenue Code. Note that the applicant must be *located* in a low-income community in order to qualify. Additional details on how SBA will identify low-income communities will be available soon on www.sba.gov/coronavirusrelief; AND
- Can demonstrate more than 30% reduction in revenue during an 8-week period beginning on March 2, 2020, or later. If an applicant meets the low-income community criteria, they will be asked to provide gross monthly revenue (all forms of combined monthly earnings received, such as profits or salaries) to confirm the 30% reduction.

Next, SBA will reach out to those who applied for EIDL assistance on or before December 27, 2020, but did not receive an EIDL Advance due to lack of program funding. These applicants will receive an email from SBA with instructions to determine eligibility and submit documentation. Applicants may qualify for a Targeted EIDL Advance if they meet the above criteria (low-income location and reduction in revenue) AND:



- Have 300 or fewer employees. Business entities normally eligible for the EIDL program are eligible, including sole proprietors, independent contractors, and private, nonprofit organizations. Agricultural enterprises are not eligible.

All applicants may be asked to provide an IRS Form 4506-T to allow SBA to request tax return information on the applicant's behalf.

Please do not submit duplicate COVID-19 EIDL applications. Only prior applicants will be considered for the Targeted EIDL Advance.

Notice: On June 15, 2020, 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:
 - SBA Loan Application (SBA [Form 5](#), or [5C](#) for Sole Proprietors)
 - Tax Information Authorization (IRS Form [4506T](#)) ([4506T Instructions](#))
 - Complete copies of the most recent Federal Income Tax Return
 - Schedule of Liabilities (SBA [Form 2202](#)) ([Form 2202 Instructions](#))
 - Personal Financial Statement (SBA [Form 413](#))
- Other information that may be requested:
 - Complete copy of the most recent Federal Income Tax Return for principals, general partners or managing member, and affiliates
 - Year-end profit-and-loss statement if most recent Federal Income Tax Return has not yet been filed
 - Current year-to-date profit-and-loss statement
 - 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.