



## **Economic Injury Disaster Loan (EIDL) Program**

Updated June 16, 2020

The Small Business Administration (SBA) announced on June 15 that it would begin to accept new applications for its Economic Injury Disaster Loan (EIDL) program. Previously, the SBA was only accepting new applications from agricultural businesses.

### **EIDL-COVID-19 Related Assistance Program**

The Coronavirus Preparedness and Response Supplemental Appropriations Act deemed coronavirus a disaster under the Economic Injury Disaster Loan (EIDL) program within the Small Business Administration (SBA). The EIDL program provides small businesses and other eligible borrowers with loans for working capital for financial obligations and other expenses that cannot be met due to a disaster. While the EIDL program normally provides loans of up to \$2 million, SBA has capped COVID-19 related EIDLs at \$150,000 due to high demand.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established an EIDL loan emergency advance. Under the program, small businesses and other eligible borrowers can apply for a COVID-19 related EIDL advance of up to \$10,000, which will not have to be repaid.

### **Eligibility**

The following are eligible to receive COVID-19 related EIDLs:

- Businesses with 500 or fewer employees
- Agricultural enterprises with 500 or fewer employees
- Sole proprietorships/Independent Contractors
- Cooperatives with 500 or fewer employees
- Employee Stock Ownership Plans (ESOPs) with 500 or fewer employees
- Tribal small business concerns with 500 or fewer employees
- Businesses, such as agriculture cooperatives, aquaculture enterprises, nurseries, or producer cooperatives, that are small under SBA Size Standards (available [here](#))
- Businesses with more than 500 employees that are small under SBA Size Standards (available [here](#))
- Private nonprofit organizations

Additionally, eligible applicants cannot derive more than one-third of their gross annual revenue from legal gambling activities and cannot be a state, local, or municipal government entity. Also, borrowers must have been in operation on January 31, 2020, to be eligible to receive a COVID-19 related EIDL.

For COVID-19 related EIDLs, the CARES Act authorized SBA to:

- Waive the requirement that borrowers have no credit available elsewhere



- Approve applicants based solely on a borrower's credit score
- Not require applicants to submit a tax return or tax return transcript in order to be approved for an EIDL
- Waive rules related to the personal guarantee on advances and loans of up to \$200,000

### **EIDL Terms**

EIDLs have a maturity of up to 30 years, and terms are determined based on each borrower's ability to repay the loan. Interest rates are 3.75% for businesses and 2.75% for nonprofits. Principal and interest payments on COVID-19 related EIDLs can be deferred for up to one year.

The SBA will also require collateral for COVID-19 related EIDLs over \$25,000.

EIDL funds can be used for fixed debts, payroll, accounts payable, and other costs that cannot be met due to the impact of COVID-19 and that are not already covered by a Paycheck Protection Program (PPP) loan.

### **EIDL Emergency Advance**

Potential borrowers will receive the up to \$10,000 loan advance, which will not have to be repaid. The advance can be used for any eligible EIDL expense.

Due to high demand, SBA is now tying the amount of the advance to the number of employees an applicant has: \$1,000 per employee, up to \$10,000.

### **How to Apply**

Eligible borrowers will need to fill out the [COVID-19 EIDL Application](#) on the SBA's website.

### **Additional Resources**

[SBA: Economic Injury Disaster Loan Emergency Advance](#)

[Benefis.Gov: Economic Injury Disaster Loans](#)

[Frequently Asked Questions for Faith-Based Organizations Participating in the Paycheck Protection Program and the Economic Injury Disaster Loan Program](#)