



Economic Injury Disaster Loans (EIDL)

Also An Emergency Advance Up To \$10,000 To Help Small Businesses During The Coronavirus Pandemic

Small business owners across the United States who are experiencing a temporary revenue loss due to the coronavirus pandemic are eligible to apply for a Small Business Administration Economic Injury Disaster Loan and may receive an emergency advance of up to \$10,000 that does not have to be repaid.

To qualify for the advance, businesses will need to successfully apply for an Economic Injury Disaster Loan through the SBA and to request the advance. An EIDL is a federal disaster loan for working capital for small businesses suffering substantial economic injury as a result of the coronavirus.

If businesses meet the application requirements, the advance - which is for up to \$1,000 per employee, or a maximum of \$10,000 - will be available whether or not their loan application is approved. Experts recommend that you request your emergency advance at the time you apply for the loan. Emergency advances are available until Dec. 31, 2020 and applicants must have been in business as of Jan. 31, 2020.

The maximum amount a business can receive is a \$2 million working capital loan at a rate of 3.75% for businesses and 2.75% for non-profits. The loan term is for up to 30 years and payments are deferred for one year, but interest will accrue from the time the loan funds are disbursed.

EIDL applications are made directly through the SBA, rather than a bank or other lender. You can apply online at covid19relief.sba.gov. Loans can be based on credit score and no first-year tax returns are required. 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. Borrowers must allow the SBA to review their tax records. Applications must meet SBA guidelines to qualify.

The program is for small businesses with less than 500 employees, including sole proprietorships, independent contractors, the self-employed, and most private non-profits. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.

The EIDL advance funds will be made available within a few days of a successful application, and the advance will not have to be repaid. The SBA will process new loan applications as soon as possible.

Who's eligible?

- All SBA qualified small businesses
- Private nonprofit organizations
- ESOPs fewer than 500 employees
- Independent contractors
- Sole proprietorships
- Tribal businesses

How much are the loan fees?

Loan fees are waived, and there is no requirement to prove a need for the loan.

How much collateral is needed?

Collateral is needed for loans more than \$25,000, but SBA is waiving collateral requirements in many cases. A personal guarantee is required for loans more than \$200,000, by owners of greater than 20% ownership in the business.

When do the loan payments begin?

There is automatic deferral of principal and interest for all of 2020, up to one year.

For more details about coronavirus relief options, visit sba.gov/coronavirus.