

*Economic Injury Disaster Loans

- Economic Injury Disaster Loans are available through the Small Business Administration (SBA) for small businesses and non-profit organizations to help alleviate economic injury caused by the Coronavirus (COVID-19).
- These loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- 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 interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- The CARES Act establishes emergency grants whereby businesses that have applied for a loan under the EIDL program could request an advance on that loan up to \$10,000 which the SBA must distribute within 3 days.
- For questions, please contact the SBA disaster assistance customer service center at 800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.

* Paycheck Protection Program Loans – as enacted through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- Paycheck Protection Program loans are available to small businesses (fewer than 500 employees) and 501(c)(3) non-profit organizations, including sole proprietors, independent contractors, and self-employed individuals.
- Business are eligible for loan amount equal to 2.5 times their payroll over the past 12 months (up to \$10 million), and such funds may be used to cover costs of payroll; health and leave benefits; interest on mortgage payments; rent payments; cost of utilities, and interest on debt obligations.
- A loan recipient is eligible for the forgiveness of indebtedness for payments made during the covered period for payroll; health and leave benefits; interest on mortgage payments; rent payments; and cost of utilities.
- For those funds that do not qualify for the forgiveness of indebtedness, loans will mature in 2 years, and there is only a 1% interest rate.
- Businesses receiving assistance for the purposes listed above related to COVID-19 through an economic injury disaster loan are not eligible for Paycheck Protection

Program loans for the same purpose. However, EIDL loans may be eligible for refinancing to become a PPP loan and create an opportunity for loan forgiveness.

- For businesses with existing SBA loans, the SBA would be required to pay all principal, interest, and fees on all these existing loans, including 7(a), Community Advantage, 504, and Microloan programs, for six months to provide relief to small businesses negatively affected by COVID-19
- Businesses may apply directly to lenders who are already approved by the Small Business Administration.
- As of April 16th, the funds for this program have been exhausted. Congress is currently negotiating an additional appropriation for the program to assist additional small businesses,

*This information is intended to provide a general overview of the SBA EIDL program and the CARES Act and shall not be considered legal or tax advice. Please consult with tax professionals to determine what options are available to you and your company to seek financial relief to get through this pandemic.