

# Economic Injury Disaster Loan (EIDL)

The Small Business Administration (SBA) is taking applications for an Economic Injury Disaster Loan (EIDL) for organizations in the **United States** effected by COVID-19.

## Who Can Apply?

The following businesses and organizations are eligible to apply:

- A business with no more than 500 employees.
- An individual who operates as a sole proprietorship, with or without employees.
- An independent contractor that does not have an employer and pays their own Social Security and Medicare taxes.
- A cooperative with no more than 500 employees.
- An Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- A 501(c)3 non-profit organization or other non-profit organization that is a non-governmental business and tax exempt under 501(c),(d), or (e) of the Internal Revenue Code of 1954.

Benefits



Applicants can receive a **loan** and a **grant**:

**Loan** – The loan will have to be paid back in 30 years with a maximum interest rate of 3.75%. Loan amounts are between **\$10,000** and **\$2,000,000**. Loans over **\$200,000** must have a **personal guarantee** from the owner, making the owner legally liable for the repayment of the loan

**Grant** – Eligible organizations may also apply for a grant within the loan application equal to **\$1,000** per employee, and up to **\$10,000** per business. The grant will not have to be repaid.

## How To Apply?

Small businesses can submit their applications online at [covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/). The application is focused on the repayable loan, but make sure to check the box that asks for the grant. Among general information about the business, the application will ask for the following information:

- Social Security Number of Owner
- Gross Revenue for the last 12 months
- Cost of Goods Sold for the last 12 months
- Date the business was established
- Name of Bank, Bank Account Number, Routing Number (For Direct Deposit)

## What Can the Money Can Be Used For?

The SBA allows businesses to use the EIDL payments on working capital. Although this working capital definition has been a bit vague, they have released additional guidance on eligible and noneligible ways to use the loan.

What the EIDL **CAN** be used for:

- Fixed Debts
- Payroll
- Accounts Payable

What EIDL **CANNOT** be used for:

- Dividends and Bonuses
- Disbursement to owners, unless related to performance of services
- Repayments of stockholder/principal loans
- Expansion of facilities or acquisitions of fixed assets
- Repair or replacement of physical damages
- Refinancing of long-term debt
- Paying off loans owned by another federal agency (including the SBA)
- Relocation (unless you receive special permission from the SBA)

## General Information

### **How to follow up with the SBA after the application is submitted**

The SBA allows you to contact them by phone and email once the application is submitted

Phone: SBA Disaster Assistance Customer Service Center – 800-659-2955

Email: [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

### **How long will it take the SBA to process the application**

The initial round of applications took over a month to process. They expect the next round of applications to be processed in two to three weeks. Once the application is accepted, the SBA will directly deposit the funds into the bank provided in the application. The SBA will notify the owner of the business through the contact information provided on the application when the funds are on the way.

### **Does the loan require any collateral?**

Loans which exceed \$25,000 must be secured by collateral. SBA will not decline a loan if you don't have enough collateral, but will ask for whatever collateral is available which may include real estate or vehicles owned by a business' principals/owners.

### **Other Sources**

The Small Business Development Center (SBDC) has gathered various resources to connect small businesses to Covid-19 relief. For more information, go to the following links:

National: <https://americassbdc.org/covid19/>

District of Columbia: <https://dcsbdc.org/>

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