



## **Economic Injury Disaster Loan (EIDL) 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 of up to \$2 million for working capital for financial obligations and other expenses that cannot be met due to a disaster.

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. Notably, the loan advance will not have to be repaid.

### **Eligibility**

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

- Businesses 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

In addition, 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 a 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.



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

EIDL funds can be fixed debts, payroll, accounts payable, and other costs that cannot be met due to the impact of COVID-19.

### **EIDL Emergency Advance**

Potential borrowers will receive the up to \$10,000 loan advance within three days of submitting a COVID-19 related EIDL application. The advance will not have to be repaid, even if the applicant is later denied a loan. The advance can be used for any eligible EIDL expense.

### **How to Apply**

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

### **Additional Resources**

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

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