



Navigating the CARES Act

How It Can Help Your Business

SBA- Economic Injury Disaster Loans (EIDLs)

- This loan is designed for business and private non-profits, sole proprietors and independent contractors, cooperatives and ESOPs (all with less than 500 employees)
- Business must be directly affected by COVID-19 or indirectly affected through harm and losses in their community
- Creditworthiness standards – SBA may approve applicant for small-dollar loans based solely on credit score or “alternative appropriate methods to determine an applicant’s ability to repay”; tax return not required
- Loan amount is based on *proven impact*; maximum loan is \$2,000,000
- Applicant can request a \$10,000 advance within 3 days after application
- Loans are available to pay accounts payable, debts, payroll, and other bills that the business cannot pay due to the COVID-19 pandemic.
- Interplay with PPP Loans

Terms of the EIDL Loan

- There is a 30-year amortization; 3.75% interest rate (2.75% for non-profits)
- It is not forgivable
- Personal guaranties are required for loans greater than \$200,000
- Loans over \$25,000 require collateral

Application Process (3 steps)

1. Gather information required including copies of the most recent federal income tax return, schedule of liabilities, completed personal financial statement and submit application directly through the SBA website or via paper application
2. Credit review and EIDL verification completed by the SBA. Can be done solely by reviewing the credit score of the applicant
3. Closing process for loan

Regular turnaround times are 2-3 weeks for EIDL loans; due to high volumes this will likely increase

WEBSITE – www.SBA.gov/disaster

Application – <https://www.sba.gov/funding-programs/disaster-assistance>