

Economic Injury Disaster Loans Playbook

A guide to get fast funding



Low-interest loans of up to \$2 million for businesses that have suffered losses from some kind of disaster. The loans are made directly by the SBA, and you can apply on its [website](#). The loan cannot be used for the same purpose as the PPP. If you have an EIDL loan already, you can roll it into a new PPP loan.

HIGHLIGHTS

- **Fast Funding:**
Businesses can borrow up to \$2M to fund payroll and operating expenses
- **Great Terms:**
No cost to apply. 3.75% interest for 30 years. Flexible terms for collateral and credit.
- **Easy eligibility:**
Small business or non-profit with less than 500 employees
- **Easy approval process:**
Apply at [SBA.gov](#)

Disclosure: This document is provided for information purposes only and is not intended as legal, tax, medical or any other professional advice. The document is provided “as is” and without any representations and warranties of any kind. Businesses should consult with their own legal and other professional advisors to determine their legal obligations in response to the Covid-19 crisis. Bottom line, we’re passing on what we have learned, in an attempt to help you, but you need to listen to your advisors because we don’t have all the information relevant to your business.

Playbook

Here are the questions you may be asking, and everything you need to know.

1 Am I ELIGIBLE?

To be eligible for EIDL assistance, small businesses or private non-profit organizations with less than 500 employees must have sustained economic injury and be located in a disaster declared county or contiguous county.

2 How much can I BORROW?

For these loans, you don't request an amount. The SBA will determine how much you can borrow using a formula intended to approximate six months of your operating expenses.

To calculate that, the agency will generally subtract the annual cost of goods sold from annual revenue and loan you up to half of that sum.

3 WHEN will I get the money?

- The SBA is supposed to disburse up to \$10,000 – the portion that does not have to be repaid – within three days of receiving an application from an owner who self-certifies that he or she is eligible for the aid.
- In normal times, it typically takes around two weeks for the SBA to make a decision on a disaster loan application.
- Up to a week after their decision for the loan check to be disbursed.



ELIGIBLE

- Sustained economic injury
- Located in a disaster declared county or contiguous county
- 500 or less employees

Playbook

4 WHAT can I use the money for?

The loans cannot be used to refinance previous loans; all other expenses are eligible. If you use money from a disaster loan to pay your employees, you can try to refinance through the Paycheck Protection Program, which allows for the loan to be forgiven. However, you cannot use the loan from PPP and EIDL for the same purposes like payroll for 8 weeks of PPP loan.

5 Will this loan be FORGIVEN?

Partly. Businesses can request up to \$10,000 of a disaster loan as a grant. It's described on the application as a "loan advance," but SBA officials confirmed that it did not have to be repaid. Borrowers will have to repay the rest of their loan amount.

6 What are the TERMS?

What do I need to know about repayment?

- The rest of the loan can be repaid on a term of up to 30 years.
- The interest rate is 3.75 percent for small businesses and 2.75 percent for nonprofits.
- No payment is due for the first year.

Other Terms

- No personal guarantee on loans of less than \$200,000.
- Business assets, like machinery and equipment, can be used to secure loans of up to \$500,000.
- Larger loans may require real estate — whether it's your business's or your own — if you have it. If you don't, the agency said, it will not turn borrowers away because they lack collateral.



EIDL ELIGIBLE EXPENSES

The loans can be used for all expenses other than to refinance previous loans

Playbook

7 What will lenders be **LOOKING FOR?**

What documents do I need to apply?

The online loan application is designed to be simple. You'll need to know your business's gross revenues and cost of goods sold for the 12 months that ended Jan. 31, 2020.

Sections on the application:

Disclosure

This section describes the loan and states that the information collected will be used to determine whether you are eligible. It includes a warning that if you do not provide all requested information, your loan will not be processed, as well as a reminder that the SBA is relying on your self-certification of eligibility to receive the advance (if you apply) and that there is a perjury penalty if you are not truthful. After verifying your eligibility on the Disclosure page, you will continue to a Business Information section.

Business Information

This section is the longest, and requires your income statement as of January 31, 2020. It is important to note that not all answers are required. Sections marked with a red star must be filled out. If not so marked, only fill them out if they apply to your business.

Business Owners Information

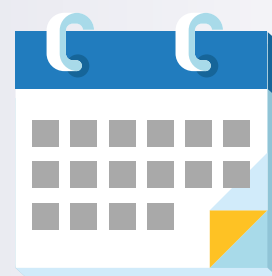
Here you will need to indicate whether your business is fully owned by another business. If owned by individuals, you need to provide information on each owner with a 20% stake or more. Information requested will include:

- Social Security Number
- Birthdate
- Birthplace
- Citizenship status
- Street address

Additional Information

This section includes questions about criminal charges against any owners, then proceeds to submission of the application. Before submitting, check the box if you want to be considered for the up to \$10,000 advance.

NOTE: Double-check your bank information to ensure a smooth process when it comes to direct deposit of your funds. When the agency processes your loan, it may request additional material, including federal tax returns and a year-to-date profit-and-loss statement.



EIDL DEADLINE TO APPLY

Portions of the program, like the \$10,000 grants, end on **Dec. 30, 2020**