

## Economic Injury Disaster Loan (EIDL)

The Economic Injury Disaster Loan (EIDL) through the SBA offers an advance of \$10,000 that does not need to be repaid. There are open questions that we cannot yet answer related to the SBA EIDL Program. However, we wanted to get this information to you now so that you have the option of getting the loan advance.

There are two loans available –

1. EIDL (economic injury disaster loan). This is a loan at 4% interest that you can apply on the SBA website, see the link below. The first \$10K is a grant that you don't have to pay back and if you check the box for the \$10K to be advanced, they will advance the money before processing the loan. Even if you decide to not accept the loan later, you get to keep the \$10K.
2. CARES Act that just passed by both house last Friday has a PPP (Payroll protection program) loan. The proceeds of this loan to make payroll, pay rent, mortgage interest and utilities, then later you can apply for a forgiveness of the loan. If you have laid off employees after getting the loan, then the forgiveness will go down by the same percentage. And the forgiveness is not taxable income. See this section of our webpage for instructions on applying for the PPP loans.

To apply for a COVID-19 Economic Injury Disaster Loan, <https://covid19relief.sba.gov/#/>

Open Questions/Issues:

1. After obtaining the advance do not also accept any loan through the Disaster Loan program. Loans (not the advance) obtained through the Disaster Loan program do not have a debt forgiveness feature.
2. The Payroll Protection Program (PPP) Loans from the SBA lenders do have loan forgiveness provisions.
3. Loans under the Disaster program will need to be disclosed when applying for the PPP loans and we don't know what, if any, impact they may have on the application process.
4. Last, the funds used from the Disaster Loan Program cannot be used for items forgiven under the PPP loan program. You can't "double dip".

**The following is from the SBA--**

*Economic Injury Disaster Loans and Loan Advance*

*In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000.*

*The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application if you check the box to obtain a \$10K advance, and this loan advance will not have to be repaid.*