

CARES ACT – SEC. 1110 EMERGENCY SBA DISASTER LOANS – QUICK REFERENCE

In General

The U.S. Small Business Administration offers Economic Injury Disaster Loan (EIDL or Disaster Loan) assistance to small businesses in Federally declared disaster areas. The CARES act expanded the scope of the EIDL program, making such loans available in all states and waving certain eligibility restrictions and requirements

Details

Eligibility

- Generally, all businesses, including private non-profit organizations, with 500 or fewer employees are eligible for a Disaster Loan.
- During the covered period from 1/31/20 to 12/31/20, the SBA will waive:
 - Rules requiring personal guarantees on advances of \$200,000 or less;
 - The requirement that the applicant have been in business for one year before the disaster¹;
 - The requirement that an applicant be unable to find credit elsewhere; and
 - Rules that prohibited lenders from approving applicants based solely on credit scores (thus, a tax return will no longer be required).

Loan Details & Terms

- *Amount:*
 - Up to \$2,000,000
 - Up to \$10,000 may be advanced within 3 days of application^{2,3}
- *Term:*
 - Up to 30yrs (determined case by case based on ability to repay)
- *Rate:*
 - 3.75% (2.75% for private non-profits)
- *Use:*
 - Fixed Debts;
 - Maintaining Payroll;
 - Accounts Payable;
 - Paid sick leave to employees directly affected by Covid-19;
 - Meeting increased materials costs due to supply chain interruption;
 - Making rent or mortgage payments; and
 - Other bills that can't be paid due to revenue losses.

¹ Applicants must still have been in business as of Jan 31, 2020.

² This amount does not need to be repaid

³ If a recipient of the advance payment later receives or transfers into a PPP loan, this amount reduces the amount of the PPP loan otherwise eligible for forgiveness.