

## Economic Injury Disaster Loan Portal Reopened for Small Businesses

*Submitted by Pat Tabor, Swan Mountain Consulting Group*

As of Tuesday, June 16, 2020, the EIDL Loan program was reopened for general business applications. For those of you that are still interested in applying for up to a \$10,000 Advance (\$1,000 per employee) and/or for the 30-year fixed rate loan and were unsuccessful in submitting an application the first time around, this is a welcome development. SBA eligible businesses can now apply directly to the SBA on-line at [sba.gov](https://www.sba.gov).

- Up to \$2 million.
- Fixed rate of 3.75% (2.75% for non-profits)
- Up to 30-year term.
- Funds must be used to pay fixed debts, payroll, A/P, and other bills that could have been paid had the disaster not occurred. The loans cannot be used to replace lost Sales, Profits, or for Expansion.
- No cost to apply.
- Process will take a minimum of 3 weeks.
- Non-Profits eligible.
- No Personal Guarantees on loans < \$200,000.
- Business must have been in business for one year prior to the disaster.
- Credit Elsewhere Test applies.
- Eligibility based upon Credit Score.
- Establishes an Emergency Grant - \$10,000 advance on the EIDL loan – distributed within 3 days.
- Must submit many of the normal SBA forms (e.g., SBA application, 4506T, most recent Tax Return, 2202 Sch of Liabilities, 413 SBA PFS, P&Ls, etc.).
- Borrowers can increase their request later. They may want to ask for more than they think they need now as long as they can substantiate the request.
- If a borrower has used their existing Line of Credit to get them through this crisis, the EIDL funds could be used to pay down the Line of Credit.

It appears that the SBA is requiring an all-inclusive lien on Business Personal Property (BPP) for requests over \$25,000. They don't necessarily need to be in a first lien position, but you will need to work with the SBA if you need a loan on BPP from your lender in the future. And finally, if you have used up your PPP loan, and you get a new EIDL loan, you actually can use your EIDL loan proceeds to pay the payroll expenses that were incurred after you used up your PPP funds. The maximum amount we have seen on the EIDL loans is \$150,000.