



Coronavirus Aid, Relief, and Economic Security Act

Signed into Law
March 27, 2020

**Largest
ever economic
stimulus package in
U.S. History,**

Due to the economic downturn created by the coronavirus pandemic, a bill was signed into law on March 27, 2020 by the President of the United States to support American workers, large and small businesses, Independent contractors, commercial enterprises, individuals, families and hospitals.

For information on available relief programs click on the link below.

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

EIDL Loan Advance

1. What is an SBA EIDL?

SBA Economic Injury Disaster Loans (EIDL) are low-interest loans for small business that experience an economic hardship as the result of a declared disaster. Unlike other disaster loan programs, they do not require physical damage to a business. <https://www.sba.gov/page/disaster-loan-applications#section-header-0>

2. Who is eligible for an EIDL?

Under the CARES Act, an EIDL is available to any small business or business with 500 or fewer employees (or an industry size standard above 500 set by the Administration) that experiences an economic hardship as a result of COVID-19. This includes sole proprietors, independent contractors, tribal businesses, and cooperatives. A business must make a good-faith certification that it is suffering an economic injury due to the COVID-19 crisis.

3. How much can a business receive from an EIDL?

Eligible small businesses can receive up to \$2 million in EIDLs, based on their working capital needs. The Cares Act <https://www.nar.realtor/political-advocacy/coronavirus-aid-relief-and-economic-security-act> includes a provision allowing small businesses to receive advances of up to \$10,000 (the EIDL grant)

within three business days of applying for an EIDL; this grant amount is forgivable if used for an eligible purpose (see #5 below)

4. Where do I go to apply for an EIDL?

The SBA has updated its EIDL Application page <https://covid19relief.sba.gov/#/> to reflect the new streamlined process for COVID-19 relief.

Unlike the SBA 7(a) PPP loans, the EIDL program already exists, and so you can apply for them right away.

5. Is any portion of an EIDL forgiven?

Yes. The \$10,000 EIDL advance grants are eligible for forgiveness if the borrower spends them on:

- Paid leave;
- Maintaining payroll;
- Mortgage or rent payments;
- Repaying debt obligations the business is unable to meet due to revenue loss; and
- Increased costs due to supply chain disruption.

6. What are the terms for the portion of an EIDL that is not eligible for forgiveness?

EIDL terms are for 30 years, and interest rates are capped at 3.75% for small businesses (2.75% for non-profits). The first month's payments are deferred a full year from the date of the promissory note.

The CARES ACT makes additional provisions to assist borrowers who are utilizing EIDLs due to the COVID-19 crisis:

- EIDLs can be approved by the SBA based on an applicant's credit score alone;
- Loans less than \$200,000 are not required to have a personal guarantee;
- They are not requiring real estate as collateral, and will accept a general security interest in business property.

7. Can I receive both an EIDL and a 7(a) PPP loan?

Yes, but there are some caveats. You can apply for both types of loans, but you must put them toward different expenses. In addition, if you receive an EIDL advance grant as well as a SBA 7(a) PPP loan, the amount of the advance will be subtracted from the amount forgiven under the 7(a) PPP loan.

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>