EIDL (Economic Injury Disaster Loan)

What is it?
EIDL (Economic Injury Disaster Loan). The Federal Government makes these available when a disaster is declared. All 50 states have been declared a disaster for the pandemic.

Why does it matter?
It is important for small businesses to have the adequate resources, including money, which helps to meet obligations and to navigate during crisis. EIDL is available for businesses to apply for it.

Who is eligible?
Small Businesses, Private Non-profits, Small Agriculture, Coop, Sole Proprietors

**Applicants must have a physical presence in the declared disaster area. A PO Box is not sufficient.**

Is it difficult to apply for?
No, it is actually straightforward. Apply online directly with the SBA.

The key financial information they ask for is:
12 months Sales from February 1, 2019 to January 31, 2020.
Operating Expenses for February 1, 2019 to January 31, 2020.

Documents needed also are:
Form 4506T IRS, Personal Financial Statement (SBA Form 413) Schedule of Liabilities (SBA Form 2202), Tax Returns and Form 5

Is it a Loan, a Grant or can it be Forgiven?
It is a loan and is not forgiven. They initially offered a grant as an Advance, but that was removed.

How to Apply:
Directly through the SBA. This is the link.

How is the loan calculated?
We believe it is the lesser of 6 months gross margin or $150,000. Take 1 years sales which they ask for, deduct 1 years COGS which they ask for, then divide that number by 2 (for 6 months). Example:
Sales $200,000
COGS $100,000
Margin $100,000
Divide by 2 = $50,000

What are the loan terms?
30 years at 3.75% for small business and 2.75% for Non-profit Organization. Payments deferred for 1 year.

Credit Scores:
SBA will check your credit score. The minimum is 570. They do not use FICO

Collateral/Personal Guarantee:
Collateral is requested for loans above $25,000. Not requested for loans below $25,000. The Personal Guarantee has been waived for any loan under $250,000.