

II. Economic Injury Disaster Loan (EIDL) Program

Please see [SBA.gov/disaster](https://www.sba.gov/disaster) for an overview of the existing EIDL program administered by the SBA. Applicants are encouraged to apply online at [SBA.gov/disaster](https://www.sba.gov/disaster). Businesses can use EIDL loans to address damages caused by a “disaster,” which includes COVID-19 in all 50 states.

The COVID-19 pandemic has prompted special modifications and provisions to the SBA’s EIDL program, either in connection with the recently enacted CARES Act legislation or pursuant to actions already taken directly by the SBA under its existing authority or discretion. The changes are generally designed to expand access to EIDLs and to reduce the time it will take to obtain EIDL funding.

EIDLs are made directly by the SBA in an amount not to exceed \$2 million. Certain key updates to the program are summarized below:

- Ordinarily, to qualify for an EIDL, the applicant must establish that it is a small business concern, private nonprofit organization, or small agricultural cooperative. The CARES Act has expanded its eligibility criteria to also include any business with less than 500 employees.
- The SBA may advance up to \$10,000 of the proceeds of an EIDL to an applicant on an expedited basis, within three days after the SBA receives an application. If the SBA ultimately rejects the application, the applicant may retain this initial \$10,000 advance without needing to repay it.
- According to SBA officials, payments of principal and interest under all new and existing EIDLs will automatically be entitled to deferment through the remainder of 2020.
- Ordinarily, to qualify for an EIDL, an applicant must show that it is unable to obtain credit elsewhere. This requirement is waived.
- The requirement that an applicant be in business for one year prior to date it applies for an EIDL also is waived, so long as the business was in operation by January 31, 2020.
- Personal guarantees will not be required for loans of less than \$200,000.
- The SBA will not require prior year tax returns to be included in the application. The CARES Act authorizes the SBA to approve EIDLs based solely on an applicant’s credit score or “alternative appropriate methods” for determining the applicant’s ability to pay.
- The SBA is foregoing some of its ordinary requirements to speed up the application process. For example, according to SBA officials, for loans of \$500,000 or less, the SBA will rely on the applicant to certify that it is a small business concern.
- Under the CARES Act, Congress has appropriated \$10 billion of additional funding for EIDLs.