

SBA Economic Injury Disaster Loans (EIDLs)

Small businesses suffering substantial economic injury may be eligible for an Economic Injury Disaster Loan (EIDL) to meet necessary financial obligations.

ELIGIBILITY AND KEY TERMS

- **Principal Amount:** Up to \$2 million
- **Interest Rate:** 3.75%
- **Use of Proceeds:** Must be used for expenses the business would have paid if the disaster had not occurred (e.g., fixed debts, payroll, accounts payable, other bills)
- **Term:** Up to 30 years (determined on a case-by-case basis) with payments deferred for the first 11 months of the term
- **Collateral:** The SBA may request collateral for loans over \$25,000
- **Personal Guarantee:** Not required for loans <\$200,000
- **Size:** The business must meet an industry-specific limit (usually under 500 employees)
- **Business Type:** (1) must be independently owned and operated; (2) certain business types (e.g., religious organizations, gambling) are excluded
- **Impact:** The business must have suffered economic injury in connection with COVID-19
- **Credit:** SBA must find credit history acceptable and applicants must demonstrate the ability to repay loans

EIDL ADVANCE GRANT

In connection with the EIDL loan application, the borrower can request an EIDL advance of up to \$10,000 (in practice, the SBA has been granting \$1,000 per employee), which will be disbursed within 3 days of a successful application. The advance does not need to be repaid, even if the loan application is later denied. *Note:* If the borrower also receives a Paycheck Protection Program loan, the amount of the EIDL grant will be subtracted from the loan forgiveness amount.

The grant can be used for maintaining payroll, providing sick leave to employees, meeting increased costs to obtain materials, making rent or mortgage payments, or repaying obligations that cannot be met due to revenue losses.

APPLYING FOR AN ECONOMIC INJURY DISASTER LOAN

Visit <https://covid19relief.sba.gov/#/> to apply online. The deadline to apply is December 21, 2020 for businesses located in New York. (*Note:* Applications submitted prior to the April 2020 lapse in appropriations will continue to be processed on a first-come, first-served basis.)

Before applying, gather the following information (additional information may be requested prior to loan closing):

- EIN number for the business (your SSN, for sole proprietorships)
- Social Security number, ownership percentage, birth date, place of birth, citizenship status, and residential address for each owner
- Gross revenues for the 12 months prior to January 31, 2020
- Cost of goods sold for the 12 months prior to January 31, 2020
- Compensation from other sources received as a result of the disaster
- Date the business was established
- Direct deposit information

CONTACT

SBA disaster assistance customer service center can be reached at 1-800-659-2955 or disastercustomerservice@sba.gov. For more information: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resource>.

This information is current as of April 23, 2020, and should not be considered comprehensive. This is not a substitute for, and should not be relied upon as, legal or professional advice; we recommend that you consult professional advisors for guidance on your individual circumstances. Nothing contained herein creates an attorney-client relationship with Cleary Gottlieb. This information should not be construed as an endorsement of any specific financial program.