

Economic Injury Disaster Loan Program (EIDL)

The Economic Injury Disaster Loan Program (EIDL) provides low-interest working capital loans to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue. More information can be found on the SBA EIDL website found [HERE](#).

I Got an EIDL in 2020. Can I Apply For Another?

No. Current SBA guidance advises that each business is allowed only one EIDL caused by the pandemic disaster.

Is the EIDL Forgivable “Free Money” Like the PPP?

No. The EIDL is a low-interest loan that **must** be paid back.

What Are the Loan Terms?

- Up to \$150,000
- Interest rates:
 - Small Businesses 3.75%
 - Most Private, Non-Profits 2.75%
- Terms up to 30 years
- No pre-payment penalty or fees
- You may defer first payment for up to 12 months; interest still accrues

How Do I Apply?

- The EIDL main website can be found [HERE](#). From this website you can complete a simple online application that should take less than 30 minutes.
- For your convenience, we have created an offline word document you can download and use to prepare your answers for the online application. This word document can be found [HERE](#).

What Can I Spend the EIDL On?

The SBA guidelines are relatively vague in its description of eligible costs. Our recommendation is that you make sure each cost can be claimed in good faith as “*a direct response necessary to operating during the pandemic disaster*”, **not** costs that could be described as “*expanding your business*”.

Examples of Eligible Costs:

“Day-to-day expenses of the business”. These may include:

- Payroll
- Inventory
- Rent
- Utilities
- Short-Term Debt (such as credit card debt)
- Fixed debt payments necessary to maintain the current status of long term debts (note: this does not allow refinancing long term debt)

“Extraordinary items that are needs outside of normal operations and directly caused by the disaster.” These might include:

- PPE, sanitation, and other costs associated with making safe operations possible during the COVID-19 pandemic disaster
- Temporary rent or storage fees
- Additional advertising costs
- **NOTE:** Make sure that these costs are considered direct needs to operate through the disaster, **not** discretionary expansions to your business

Examples of Ineligible Costs:

- Payment of any dividends or bonuses (as opposed to payroll or salary for hours worked);
- Disbursements to owners, partners, officers, directors, or stockholders, except when directly related to performance of services for the benefit of the applicant (again, as opposed to payroll or salary for hours worked);
- Repayment of stockholder/principal loans, except when the funds were injected on an interim basis as a result of the disaster and non-repayment would cause undue hardship to the stockholder/principal;
- Expansion of facilities or acquisition of fixed assets;
- Repair or replacement of physical damages;
- Refinancing long term debt;
- Paying down (including regular installment payments) or paying off loans provided, or owned by another Federal agency (including SBA) or a Small Business Investment Company licensed under the Small Business Investment Act.
- Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations;
- Pay any penalty resulting from noncompliance with a law, regulation or order of a Federal, state, regional, or local agency;
- Contractor malfeasance;
- Relocation



Let us know if you have more questions!

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