

A High Level Guide to the SBA Economic Injury Disaster Loan (EIDL) resulting from COVID-19



SMD CONSULTING & ACCOUNTING, LLC

Please note that this guide is being provided to give you a high level of information about this new program resulting from the recently passed Stimulus package associated with the economic impact from COVID-19. **This is intended for informational purposes only and not intended to be a comprehensive guide. Please do your own due diligence and consult an SBA lending expert for additional advice before taking action.**

Who is eligible?

Businesses meeting the SBA's definition of a Small Business as well as sole-proprietors, independent contractors and other self-employed individuals that have suffered "substantial injury" from the COVID-19 crisis..

What are they offering?

Eligible businesses may obtain a Long-Term loan from the SBA with a few key features:

- A loan of up to \$2,000,000,
- A maximum interest rate of 3.75%,
- 6 month deferral of payment,
- Personal guarantee waived for loans under \$200,000, and
- expedited processing straight through SBA website (not through a lending institution).

Please note... this is NOT the same as the Paycheck Protection Loan that is up to 2.5X of your average monthly payroll (that's on another guide). You CAN apply for the Paycheck Protection Loan, but cannot have both loans outstanding at the same time. (TIP... refinance your EIDL with the Paycheck Protection Loan if that offers a better opportunity for you.)

Loans made under the EIDL program are NOT eligible for loan forgiveness (except for the \$10,000 grant portion). **Any amounts forgiven or treated as a grant are not taxable to the borrower as gross income.**

How do I apply?

Fill out the following two forms:

1. Application:

[https://www.sba.gov/disaster/apply-for-disaster-loan/pdfs/Business%20Loan%20Application%20\(SBA%20Form%205\).pdf](https://www.sba.gov/disaster/apply-for-disaster-loan/pdfs/Business%20Loan%20Application%20(SBA%20Form%205).pdf)

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2. EIDL Additional Info:

[https://www.sba.gov/disaster/apply-for-disaster-loan/pdfs/Economic%20Injury%20Disaster%20Loan%20Supporting%20Information%20\(P-019\).pdf](https://www.sba.gov/disaster/apply-for-disaster-loan/pdfs/Economic%20Injury%20Disaster%20Loan%20Supporting%20Information%20(P-019).pdf)

Upload to:

<https://www.sba.gov/disaster/apply-for-disaster-loan/index.html>

Note: A lot of additional information can be found on this page as well.

A lender will be in touch with you and will likely request additional information such as copies of your most recently filed tax return and financial statements for your business. We STRONGLY encourage you to make sure your bookkeeping and financial records are in order prior to submission or as quickly as possible afterwards. Delays in providing this information will sure delay the delivery of the funds (expected to take approximately a month under normal circumstances).

Wait... what about that \$10,000 Grant?

The stimulus package also establishes an Emergency Grant under the EIDL Program. An eligible entity that has applied for an EIDL due to COVID-19 may request an advance on that loan, up to \$10,000.

In order to apply for this, you have to go back to the SBA site and fill out more forms. You will be notified in email with the link once they have processed your original loan request. However, the link is: <https://covid19relief.sba.gov/#/> The applicant must certify that it is an eligible entity under the SBA guidelines, and if approved, the SBA is required to distribute the emergency advance to the applicant within three (3) days of the request.

I still have questions

If you have additional questions, there are counselors available, and you can find one in your area using this link: <https://www.sba.gov/tools/local-assistance>

You can also call the SBA's Customer Service Center at 800-659-2955 (800-877-8339) for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.

If you need help filling out the applications, SMD will certainly be happy to help with that.

We sincerely hope this is helpful to you in this tough time. SMD Consulting & Accounting, LLC was founded on the premise that small business owners need proactive and strategic advice just as much as large business owners.

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