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Beyond the Numbers...



SBA Enhances the Economic Injury Disaster Loan Program



Small business owners throughout the country are still being impacted by the spread of the coronavirus. To help provide relief, the SBA has modified and enhanced the Economic Injury Disaster Loan (EIDL) program to expand both eligibility and program benefits. In this document, we'll cover the changes and how they might help your business.

Increased Loan Amount

The maximum loan amount has been increased from \$500,000 to \$2 million with a term of 30 years. The interest rate for business loans remains at 3.75% fixed and the rate for private nonprofit organizations remains at 2.75% fixed.

Payment Deferral

Payments on loans will now be deferred for the first two years, during which interest will accrue. Payments of principal and interest will then be made over the remaining 28 years. There is no penalty for prepayment of the loan.

Exclusivity Period

In order to ensure smaller businesses are able to benefit from the EIDL program, the SBA is limiting approvals and disbursements to applications for loans up to \$500,000 until October 8, 2021. Then on October 8, 2021, the SBA will begin approvals and disbursements for loans over \$500,000.

Eligible Use of Funds

The SBA has expanded the limits on how loan proceeds can be used. Previously, loan proceeds could only be used to pay fixed debts, payroll, accounts payable and other bills that could not be paid because of the impact of the disaster. With the changes, loan proceeds can now be used to make regular payments for operating expenses, including payroll, rent, mortgage, utilities, and other ordinary business expenses. Additionally, proceeds can be used to make payments, including prepayment, of commercial debt and payments on federal business debt.



Changes to Size Standards

The SBA has expanded ways to meet program size standards for businesses that have no more than 500 employees per physical location, together with affiliates has no more than 20 locations, meet all other COVID EIDL eligibility requirements and are assigned one of the following NAICS codes beginning with 61, 71, 72, 213, 3121, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532 or 812. These are industries that have been hit hard by the spread of the delta variant.

Affiliation Requirements

The SBA has simplified the affiliation requirements which were fairly complex and confusing. The affiliation rules are now more aligned with the Restaurant Revitalization Fund. An affiliate is a business in which an eligible entity has an equity interest or right to profit distributions of at least 50 percent.

Maximum Cap on Corporate Groups

A corporate group consists of a parent company and other companies in which the parent has at least 50% ownership. There is now a \$10 million maximum limit on aggregate COVID EIDL loans to the group of businesses

If you have already received a loan through the Paycheck Protection Program (PPP), Restaurant Revitalization Fund, or Shuttered Venue Operators Grant, you are still eligible for an EIDL. To learn more about eligibility and application requirements, visit www.sba.gov/eidl. Applications may be submitted through December 31, 2021, but the SBA is urging businesses to file their applications as soon as possible before the funds are depleted.



Final Thoughts

This document is meant to provide an overview of changes to the EIDL program and is not meant to be a substitute for speaking with one of our advisors. If you have any questions or would like to discuss your unique situation, please contact our office.



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