



Economic Injury Disaster Loan (EIDL) Roadmap to Preparation and Application

Objective:

The purpose of this document is to outline the requirements for an EIDL and provide general guidance and recommendations for practices to prepare and apply for a loan. This resource is for general informational purposes and should not be viewed as a substitute for professional accounting or legal advice.

Program Period: January 31, 2020 to December 31, 2020

Who can apply for the EIDL loan? Any small business including sole proprietorships, independent contractors, self-employed individuals and private non-profit organizations (501(c)(19)) having 500 or fewer employees AND the practice has been in business since January 31, 2020.

Where do I apply? This loan is from the Small Business Administration (SBA) contact them at:
www.sba.gov

What is the maximum loan amount? The maximum loan size is \$2 million. Applicants for this loan may request an advance known as the Emergency EIDL grant of up to \$10,000 from the SBA. If approved, these grants are typically available and distributed within three business days. You must request this advance at the time of application.

What can the funds be used for? The proceeds from the loan should be used for:

- Payroll
- Fixed expenses (mortgage, rent, lease)
- Accounts payable
- Other general practice expenses

Will I be charged interest on the loan? Yes. The interest rate is set at 3.75% for businesses and 2.75% for nonprofit entities.

Can this loan be forgiven? There is no forgiveness of the loan itself. IF you apply for and receive an Emergency EIDL grant (up to \$10,000) that amount does not have to be paid back provided you use the funds for:

- Providing sick leave to employees unable to work due to the direct effect of the COVID-19
- Maintenance of payroll in order to retain employees during periods of substantial slowdowns in the practice or practice disruptions

- Meeting increases costs to obtain reagents, equipment, supplies or other materials that are unavailable from the practice's normal supplier due to supply chain disruptions
- Payment of rent, lease, or mortgage payments
- Repaying regular financial obligations that cannot be met due to the practices decrease in revenues

If my practice received a Paycheck Protection Program (PPP) loan can I apply for this program?

Yes, as long the funds are not being utilized for the same expenses. *However, if you received an emergency EIDL advance this amount will be subtracted from the amount forgiven under the PPP loan.* It is recommended that practices consult with their lender before applying for both loans.

How much time do I have to repay the loan? The term of the loan can be up to 30 years. Principal and interest payments may be able to be deferred for up to four years. Consult the SBA for details.

Will our practice be required to pledge collateral and provide personal guarantees? There is no collateral requirement for this loan. For loans less than \$200,000 no personal guarantees are required.

EIDL Loan Roadmap

Required Documents	Source(s)
SBA Application (Form 5)	https://www.sba.gov/sites/default/files/Disaster%20Business%20Loan%20Application.pdf
Credit score	<i>Obtain evidence from the national credit reporting agencies.</i>
IRS Form 4506T	<i>Your accountant or tax preparer</i>
2019 federal income tax returns for the practice	<i>Your accountant or tax preparer</i>
SBA Form 413 (Personal Financial Statement)	https://www.sba.gov/sites/default/files/forms/SBA_Form_413_7a-504-SBG.pdf
SBA Form 2202 (listing of liabilities and fixed debt)	https://www.sba.gov/sites/default/files/2019-09/2202%20Schedule%20of%20Liabilities.pdf
Your most recent financial statement for the practice	<i>Your accountant</i>

Additional Resources:

SBA Paycheck Protection Program

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

SBA Programs

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19#section-header-5>

COVID – 19 Information

<https://www.cap.org/news/2020/latest-on-the-novel-coronavirus-covid-19>

COVID -19 Recent Updates

<https://www.cap.org/covid-19>