



U.S. Small Business
Administration

COVID EIDL

August 2021

COVID EIDL Program Overview – Loans

- The COVID EIDL program is a Federal small business loan program designed to support small businesses to recover from the COVID-19-induced economic recession by providing accessible and borrower-friendly capital
- This program currently offers two categories of small business loans:

| Product Category | Micro | Full |
|--------------------------|---|---|
| Loan Size | \$1,000 - \$25,000 | >\$25,000 to \$500,000 |
| Application Requirements | <ul style="list-style-type: none">• No collateral nor personal guarantee• Mobile application | <ul style="list-style-type: none">• Collateral required >\$25,000• Personal guarantee required >\$200,000• Mobile application not permitted |

The difference between the micro and the full categories are the loan size and corresponding collateral and personal guarantee requirements.

COVID EIDL Terms – Loans

| Category | Micro Loan Terms | Full Loan Terms |
|-------------------------|--|---|
| Amount | \$1,000 to \$25,000 | >\$25,000 to \$500,000 |
| Interest | 3.75% (business) 2.75% (non-profit) | |
| Repayment Period | 30 years | |
| Deferment | Up to 24 months | |
| Requirements | Collateral: None Personal Guarantee: None | Collateral: >\$25,000 Personal Guarantee: >\$200,000 |
| Use | Normal operating expenses <ul style="list-style-type: none"> • Payroll • Rent • Cost of goods sold • Commercial Debt Working capital | |

Benefits to Small Business Owners

Repayment

- These borrower-friendly terms can extend payments over thirty years at a low interest rate
- This results in a reduced repayment burden relative to market options, particularly for the micro COVID EIDL, allowing small businesses to focus on recovery

\$10,000 COVID EIDL Microloan = ~\$46 monthly payment

Use

- The flexible use of funds allows small business owners to meet immediate needs
- This includes making debt payments on debt accrued before or during the pandemic
- Examples (not limited to the below – all normal operating expense and working capital uses are permitted):

Credit Card Balance

Increased Wages

Accumulated Rent

Increased COGS

Application

Eligibility

- <500 employees (includes sole proprietorship, self-employed small business owners)
- Credit scores of at least 570
- Evidence of being in or invested in launching business by January 2020

Loan Amount

Economic injury formula: (Annual Revenue – Annual Cost of Goods Sold) x 2 = Eligible Loan Amount

Applicants can borrow **up to** the eligible loan amount up to the current \$500,000 cap

Example:

- 2019 Annual Revenue: \$200,000
- 2019 Annual Cost of Goods Sold: \$100,000
- $(\$200,000 - \$100,000) \times 2 = \$200,000$ Eligible Loan

Application Steps

- Mobile-friendly application process for micro-loan
- Estimated timeline has improved after process changes
- Deadline: December 31, 2021

Required Documents

- Federal Income Taxes or Business Financial Statements
- IRS Form 4506-T

Improvements in Program Operations

To enhance capacity and resolve the COVID EIDL program's process challenges, the COVID EIDL Loan Program was transitioned from the Office of Disaster Assistance to the Office of Capital Access (OCA) at the end of June.

Application Review Process

- With this transition, the SBA implemented improved processes and performance management and dedicated additional personnel to COVID EIDL, resulting in significant efficiencies and increased capacity.
- The SBA went from daily processing of loan increase applications of 1,647 on June 28th to 37,029 on July 28th—a 22-fold increase in production efficiency.
 - The loan officer productivity went from 1.86 applications per day to currently 15 applications per day.
- By August 10th, the over 600,000 backlog of loan increase applications was closed out in record time

Customer Service

- The SBA is investing in an improved customer service experience for COVID EIDL applicants which includes more than tripling Field capacity, enhancing customer service quality, and increasing materials to support applicants and make the program application process more accessible.

Outreach

- The SBA is investing in outreach efforts to deliver COVID EIDL program information to all communities, including socio-economically disadvantaged communities via partnerships, webinars, train the trainer series, and media.
- COVID EIDL programs remain the same, but this additional agency investment in their operations have allowed the SBA to promote greater access to them.

Additional Resources

- Customer Service Center: 1-800-659-2955 Operation Hours: 8 am to 8 pm ET Monday through Friday.
- Website: www.sba.gov/eidl
- Subscribe to the SBA's e-newsletter: www.sba.gov/updates
- Follow the SBA on Twitter: [@SBAgov](https://twitter.com/SBAgov)
- For local assistance: www.sba.gov/local-assistance and www.sba.gov/asistencia-local
- For more information about SBA programs and services visit: [Small Business Administration \(sba.gov\)](http://Small Business Administration (sba.gov))

FAQs

Where do I go to apply for a COVID EIDL loan?

- sba.gov/eidl

What should I do if I believe I have been incorrectly denied?

- For denied applicants, they can apply for reconsideration following the process outlined in the decline letter and following information available in the updated FAQs available at sba.gov/eidl

When will the loan increase backlog be closed?

- August

How long is the program available?

- Until December 31, 2021