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Introduction

- Certain processes for obtaining COVID EIDL loans have been updated. They are applicable only to COVID EIDL loans made through December 31, 2021. Applicants should read and understand the requirements for submitting an application.
- Applicants apply for COVID EIDL loans directly on SBA’s website. SBA does not charge any fees to an applicant. You might receive emails or offers from third parties that will assist you with your application. If you choose to work with a third party to submit your application, you are responsible for any fees and costs related to the third party. SBA will not accept documents signed by a third party on your behalf.

Section 1: COVID EIDL Program Information

Product	Loan directly from SBA that must be repaid. Low-interest, fixed-rate, long-term loan to help overcome the effects of the pandemic by providing working capital to meet operating expenses
Uses of Proceeds	Normal operating expenses and working capital
Loan Cap	\$500,000
Loan Term	30 years
Interest Rate	Businesses: 3.75% fixed Private nonprofit organizations: 2.75% fixed
Payment Deferment	Payments can be deferred for 18 months for loans made in 2021. No penalty for prepayment.
Fees	\$100 UCC Filing Fee for loans over \$25,000
Collateral	Required for loans greater than \$25,000
Personal Guaranty	Required for loans greater than \$200,000
Apply for a Loan	Complete your application online via COVID-19 EIDL (sba.gov/eidl)
Apply for an Increase	Complete your application online via COVID-19 EIDL (sba.gov/eidl)

1. What is a COVID EIDL loan?

COVID EIDL loans are different from regular Disaster Loan Program loans. “COVID EIDL” stands for COVID-19 Economic Injury Disaster Loan. In response to the COVID-19 pandemic, SBA was given the authority to make low-interest fixed-rate long-term COVID EIDL loans to help small businesses and other entities overcome the effects of the pandemic by providing borrowers with working capital to meet ordinary and necessary operating expenses.

2. What are the loan terms?

- **Loan or Grant:** A COVID EIDL loan is a loan that must be repaid. Unlike Paycheck Protection Program loans, a COVID EIDL loan is not forgivable.
- **Interest Rate and Term:**
 - Businesses: 3.75% fixed for 30 years,
 - Private nonprofit organizations: 2.75% fixed for 30 years
 - Payment Deferral: The loan term is 30 years; payments are deferred for the first 18 months (during which interest will accrue), and payments of principal and interest are made over the remaining years. You may make prepayments at any time without penalty.
- **Collateral:**
 - \$0 - \$25,000: No collateral required
 - \$25,001 - \$500,000: Security agreement (UCC-1) required on business assets (no lien on real estate unless as an accommodation to the applicant)
- **Personal Guaranty:**
 - \$0 - \$200,000: No personal guaranty required
 - \$200,001 - \$500,000: All loans require a full personal guaranty from all individuals or entities owning 20% or more of the applicant business. If no single owner owns 20% or more, then at least one individual or entity must provide a full guarantee
- **Underwriting:** Repayment ability of for-profit businesses will be determined by the owner’s credit score (minimum of 570)
 - An acceptable credit score will satisfy the underwriting requirement for repayment ability

3. Does interest accrue during the deferment period?

Yes

4. What can I use the loan proceeds for?

Borrowers may use COVID EIDL working capital loan proceeds to make regular payments for operating expenses and to pay business debt incurred at any time (including business credit card debt), payroll, rent/mortgage, utilities, and other ordinary business expenses. You may not use the funds to expand your business.

5. Can this loan be forgiven?

No

Section 2: Submitting a New COVID EIDL Application

6. Where do I apply for a COVID EIDL loan?

You can apply online by visiting [COVID-19 EIDL](https://sba.gov/eidl) (sba.gov/eidl) or search SBA COVID EIDL in your internet browser

7. What is the deadline to file an application?

The last day that applications may be approved is December 31, 2021. Be sure to file your application as soon as possible to allow processing time for approval.

8. When should I apply?

You should apply once you are ready to submit all relevant documentation (see “What documents do I need to apply” below).

9. What small businesses are eligible for COVID EIDL?

- Small businesses that, including affiliates, have 500 or fewer employees or are defined as small per [SBA size standards](#)
- Sole proprietorships and independent contractors
- Cooperatives that, including affiliates, have 500 or fewer employees
- Employee Stock Ownership Plans (ESOPs) that, including affiliates, have 500 or fewer employees
- Tribal small business concerns with 500 or fewer employees.
- Agricultural enterprises with 500 or fewer employees

10. What non-profit organizations are eligible for COVID EIDL?

- Most privately owned non-profit organizations, including religious non-profits, are eligible regardless of size if they meet the other program eligibility requirements

11. What other eligibility requirements are needed to apply for COVID EIDL?

- Credit score of 570 or above
- In business or evidence of investment to be in business on or before January 31, 2020
- All owners of 20% or more of the business must have one of the following:
 - **If the owner is a legal entity:** Employer Identification Number (EIN)
 - **If the owner is an individual:**
 - US citizenship with either Social Security Number (SSN); or
 - Non-US citizen who resides in the U.S. and is classified as a “non-citizen national” or “qualified alien.” Qualified aliens include permanent residents with a current green card

12. Can I apply for COVID EIDL funds to start a business?

No, your business must have been in operation or have evidence of investment to operate on or before January 31, 2020.

13. Am I eligible if I received assistance through PPP, RRF, SVOG, or other relief through SBA?

Yes, other assistance received through SBA will not impact your eligibility or loan amount, as long as the other assistance did not fully compensate your economic injury.

14. What documents do I need to apply?

- **If you were “in operation” before Jan. 1, 2020:**
 - 2019 Federal Income Taxes for the applicant business (required)
 - 2020 Federal Income Taxes for the applicant business (if available)
 - IRS Form 4506-T (You will complete this online when you apply)
- **If you started being “in operation” on or between Jan. 1, 2020, and Jan. 31, 2020:**
 - 2020 Federal Income Taxes for the applicant business (if available)

- If 2020 Federal Income Taxes for the applicant business are not available, you must submit internally or externally prepared business financial statements including balance sheet and profit and loss statement.
- “In operation” includes businesses that were in an organizing stage but had not yet opened for business. Evidence that you were in an organizing stage includes business licenses, contractual agreements, purchase orders for machinery and equipment, advertisements, and employment classified ads. You may be asked to provide this documentation to prove your business was in operation on or prior to Jan. 31, 2020.

15. How much can I borrow as a small business?

Your maximum loan amount is determined by a formula based on business type and date you began operations. See application instructions for automated calculation. See below for further details:

For profit businesses:

Note: Agricultural businesses that use Schedule F will use total expenses rather than costs of goods sold.

Opened prior to 2019:

- Formula: (2019 gross receipts minus 2019 costs of goods sold) multiplied by 2 If you owned investment real estate, up to 2 years of lost rent based on actual 2019 rent received minus actual 2020 rent received multiplied by 2 (You will be asked to provide documentation to prove your lost rent) or \$500,000, whichever is less

Opened during 2019:

- Formula: (Average monthly 2019 gross receipts multiplied by 12) minus (Average monthly 2019 Cost of Goods Sold multiplied by 12) multiplied by 2 If you owned investment real estate, up to 24 months of lost rent based on actual 2019 rent received minus actual 2020 rent received multiplied by 2 (You may be asked to provide documentation to prove your lost rent) or \$500,000, whichever is less

Opened Jan. 1, 2020 – Jan, 31, 2020:

- Formula: (Average monthly 2020 gross receipts multiplied by 12) minus (Average monthly 2020 cost of goods sold multiplied by 12) multiplied by 2 or \$500,000, whichever is less

16. How much can I borrow as a non-profit organization?

Opened prior to 2019:

- Formula: (2019 total revenue minus 2019 total expenses) multiplied by 2 If you owned investment real estate, up to 24 months of lost rent based on actual 2019 rent received minus actual 2020 rent received multiplied by 2 (You may be asked to provide documentation to prove your lost rent) or \$500,000, whichever is less

Opened during 2019:

- Formula: (Average monthly 2019 expenses multiplied by 12) multiplied by 2 If you owned investment real estate, up to 24 months of lost rent based on actual 2019 rent received minus actual 2020 rent received multiplied by 2 (You may be asked to provide documentation to prove your lost rent) or \$500,000, whichever is less

Opened Jan. 1, 2020 – Jan, 31, 2020:

- Formula: (Average monthly 2020 expenses multiplied by 12) multiplied by 2 If you owned investment real estate, up to 24 months of lost rent based on actual 2019 rent received minus

actual 2020 rent received multiplied by 2 (You may be asked to provide documentation to prove your lost rent) or \$500,000, whichever is less

17. What lines on my tax return should I use to enter my gross receipts, cost of goods sold, or expense information on my COVID EIDL application?

The lines used for gross receipts, costs of goods sold, and expenses vary by the entity tax return type. LLCs should follow the instructions that apply to their tax filing status in the reference periods.

Entity Type	IRS Form	Gross Receipts	Costs of Goods Sold	Expenses
Self-employed	1040 Schedule C	Line 1	Line 4	N/A
Self-employed	1040 Schedule F	Line 9	N/A	Line 33
S-Corporation	1120-S	Line 1a	Line 2	N/A
C-Corporation	1120	Line 1a	Line 2	N/A
Cooperatives	11201-C	Line 1a	Line 2	N/A
Partnerships	1065	Line 1a	Line 2	N/A
Privately owned nonprofit org	990	Line 12	N/A	Line 18
Privately owned nonprofit org	990-EZ	Line 9	N/A	Line 17

18. What can I do to speed up the processing time of my application?

You can reduce the total time it takes for your application to be reviewed by responding quickly to SBA requests for applicant information, signatures, and approvals. This allows the review team to move your application through each processing step faster.

Section 3: Submitting a COVID EIDL Increase Application

19. Can I apply for additional loan funds if I already received a COVID EIDL loan?

Yes, you can apply for an increase up to the amount you qualify for or the \$500,000 cap, whichever is lower.

20. How do I request an increase to my loan?

Complete your application for an increase online with the [COVID EIDL portal](#).

The amount of loan increase that you are eligible for is determined by the loan amount that you would be eligible for if you applied today minus the loan that you have already received. You may apply for an additional increase even if you have already applied for and received a loan increase.

- For example, if you are eligible for a \$500,000 COVID EIDL loan today, but your current COVID EIDL loan is \$300,000 (either because your maximum loan amount was capped in the past or because you elected to take less than the full amount), you are eligible to request an increase of \$200,000.
- SBA will contact you if additional information is needed.

Section 4: Declined COVID EIDL Applications

21. If my COVID EIDL application was declined, is it possible for me to correct any errors to re-apply?

Yes, this can be done via the reconsideration process outlined in your decline letter.

22. What can I do if my COVID EIDL application was declined?

- First, confirm you meet all program eligibility requirements to see if that was one of the reasons for your decline. This includes having a business of 500 employees or less, a credit score of 570, and having been in operation on or before January 31, 2020.
- Second, you can apply for reconsideration via the process outlined in your decline letter.
- Third, after submitting your application for reconsideration, engage with your local field office to obtain the support of an SBA representative to identify whether your application can be improved to overcome the reason for decline.
 - You can identify your local field office at:
[SBA Office Locations](https://sba.gov/about-sba/sba-locations) (sba.gov/about-sba/sba-locations)

23. What are the most common reasons for decline?

The most common reasons for a decline include

- **Unsatisfactory credit history** – Credit score does not meet minimum credit score requirement. You may request reconsideration to reactivate your application and submit additional financial information to demonstrate repayment ability.
- **Unverifiable information** – There are three main reasons that applicants are declined for unverifiable information:
 - During the review process there were one or more items that were reviewed that caused the SBA to question the validity of certain information in the application. This can occur as a result of a failed identity verification, international IP address, client device associated with fraud, or high-risk IP address. If you do not respond within 7 days to a request for additional information from SBA, your application may be declined. You may request a reconsideration to reactivate your application and submit additional information.
 - Federal law limits loan amounts to the same borrower, together with its affiliates, to \$2M. SBA was unable to approve the application because the business, together with its affiliates, has reached the \$2M limit. You may request reconsideration to reactivate your application if you believe that assessment may have been in error.
 - Federal law limits COVID EIDL to small businesses only. To be eligible for a COVID EIDL, generally an applicant must not exceed 500 employees or the SBA size standard for its industry. Applicants that do not meet the requirement to be a small business are declined. If you disagree with the decision, you may request reconsideration to reactivate your application and request a formal size determination by completing SBA Form 355.
- **Ineligible non-US citizen status** – Owners of 20% or more of the applicant business must be US citizens, non-citizen nationals, or qualified aliens. If you believe this determination was made in error you may request reconsideration to reactivate your application and submit additional information to substantiate owner citizen, non-citizen national, or qualified alien status.
- **Business activity not eligible** – The information you submitted with your application does not meet SBA regulations for an eligible business activity. Ineligible business activities include but are not limited to:
 - Pay Day Lending
 - Check Cashing

- Gambling, including Casinos
 - Adult Entertainment
 - Pawn Shops
 - Real Estate Developers
 - Insurance Company
 - Illegal activity under federal, state, or local law such as a Marijuana Shop
- **Economic injury not substantiated** – There are two possible reasons for this decline:
 - 1) The economic injury (gross receipts minus cost of goods sold) is less than the amount received for the EIDL Advance; or 2) The information submitted does not indicate an economic injury. If you believe this assessment was made in error or that there was a mistake on your application, you may request reconsideration to reactivate your application and submit additional information to substantiate your business' economic injury.
 - **Failure to respond.** In order to complete a review and make a decision on your application, SBA may request additional information such as a photo i.d. or legal documents. If you do not respond to the request for additional information within 7 days, the application will be withdrawn with a status of borrower did not wish to proceed. You may request a reconsideration to reactivate an application within a reasonable period of time pending funds available.

Section 5: Loan Application Status

24. How long will it take for my loan increase application to be reviewed?

The SBA has invested in additional personnel and improved processes to increase the number of loan increase applications that are reviewed each day. The majority of the backlog of applications as of July 2021 will be closed out by August 2021

25. How will I receive my approved COVID EIDL loan funds?

When your application is approved, SBA will provide you with loan documents that must be completed and signed. Be sure to keep a copy for your records. Loan proceeds are electronically deposited to your bank account within 5-10 business days of the time that SBA receives your completed loan documents.

26. What do I do if my loan application was approved, but I have experienced a significant delay in receiving the funds?

It is possible there is an error with the bank account information you submitted. To resolve this, contact your local field office to receive support from an SBA representative to correct this.

- You can find your local field office at [SBA Office Locations](#).

Section 6: Post-Disbursement of COVID EIDL Loan Funds

27. What are the program's record keeping requirements?

You must retain tax returns and financial records for all loan funds spent for 3 years

28. If I've already received a COVID EIDL loan and I've been affected by another disaster such as a flood, can I ask for more funds?

If you are in an area that has a Disaster Declaration, which includes disasters such as flooding, storm damage, wildfires, or earthquakes, you may be eligible for additional SBA Disaster Loans to cover damage to your home, personal possessions and/or business.

Check [Disaster Loan Assistance](#) to see if there is a disaster declaration for your area.

29. If I get another SBA disaster loan due to a different disaster event, can I consolidate the new loan with my COVID EIDL loan? Or can I use it to pay off the COVID EIDL loan?

No. Each SBA disaster loan is a separate loan. They cannot be consolidated. If you qualify for another SBA disaster loan due to a different declared disaster in your area, the new loan must be used for the purposes listed in your loan closing documents, which may include working capital or physical damage repairs. The terms and conditions of other disaster loans may be different than those of the COVID EIDL loan.

Section 7: Fraud, Waste, and Abuse

30. How do I report fraud, waste, or abuse?

Contact the Office of Inspector General to file an online complaint:
[Online Complaint Submission System](#).

31. What if somebody stole my identity to apply for and obtain EIDL assistance in my name?

If you suspect that someone used your personal information without your knowledge or permission to obtain SBA COVID EIDL loan assistance, please download this [EIDL identity theft letter](#) for step-by-step instructions on how to report the identity theft case to SBA, including how to file an [SBA Declaration of Identity Theft](#).

The letter also includes recommended next steps you should take to protect yourself from further financial harm as a result of identity theft, such as reporting the identity theft to the Federal Trade Commission (FTC) at [IdentityTheft.gov](#) as well as adding a fraud alert or credit freeze to your credit reports.

32. Can I remove the hard inquiry from my credit report as a result of identity theft?

Yes. You can dispute a hard inquiry and request that it be removed as a result of identity theft by contacting Experian directly at 1-800-888-397-3742 or online at [Experian Disputes](#).

33. Why am I still receiving monthly statements after I reported the identity theft to SBA?

You may continue to receive monthly statements while SBA is working to review your identity theft documents and to address the open loan debt. The statements do not reflect the status of the ongoing review of the identity theft. SBA will send you a separate written confirmation when the identity theft review is completed, and the loan debt has been resolved.

Appendix: Customer Support

34. If I have questions before I apply, where do I go for help?

SBA District Offices and resource partners such as local Small Business Development Centers (SBDC), Women's Business Development Centers (WBC), SCORE offices, or Veteran Business Outreach Centers (VBOC) will help at no cost. You can find your local field office at [SBA Office Locations](#).

You can also contact SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard of hearing) or DisasterCustomerService@sba.gov.