



U.S. Small Business
Administration

**The SBA works to ignite change and spark
action
so small businesses can confidently**



START • GROW • EXPAND • RECOVER



U.S. Small Business
Administration

Economic Injury Disaster Loan EIDL

**Policy Changes, Applications, Increases,
Reconsideration Process**

Puerto Rico & US Virgin Islands District Office

SBA Covid-19 EIDL Program

Overview

COVID EIDL – Loan Component Benefits

The loan product offered via the COVID EIDL program is the remaining small business COVID recovery option. It is beneficial to small business owners due to its

- **Generous Terms:** 3.75% interest + 30-year repayment horizon + 2 years deferment
- **Reduced Repayment Burden:** 30 years with 2 years deferment results in relatively smaller monthly payments versus market alternatives (\$10,000 COVID EIDL = monthly repayment of less than \$50 a month)
- **Flexible Use:** Small businesses can use COVID EIDL funds on any normal operating expenses and working capital, including paying business debt
- **Accessible Application:** COVID EIDL is obtained directly through the SBA, requiring no external financial institution for a small business to apply for and obtain funds

COVID-19 EIDL Funding Eligibility

Applicants must be:

- Physically located in the United States or designated territory
- Suffered working capital losses due to the coronavirus pandemic

Eligible applicants include:

- Businesses in operation before Feb 1, 2020
- Businesses with 500 or fewer employees or defined as small per www.SBA.gov/sizestandards
- Cooperatives with 500 or fewer employees
- Agricultural enterprises with 500 or fewer employees
- Most private nonprofits
- Faith-based organizations
- Sole proprietorships and independent contractors
- Businesses operating under an approved plan of reorganization under either Chapter 5,11,12, or 13 Bankruptcy.

• **Ineligible businesses** include:

- those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment, lending, publicly owned non-profit organizations.
- Filed for Chapter 7 bankruptcy, liquidating under Chapter 11, and/or is permanently closed.

Uses of EIDL Funds

Purpose: **WORKING CAPITAL** to alleviate economic injury caused by disaster

- **Monthly utility, rent and payroll**
- **Scheduled loan or tax payments**
- **Repairs and replacing customary inventories**
- EIDL funds **CANNOT** pay off old debts, refinance another debt, or buy capital assets, new construction, vehicles etc.
- *Businesses should keep receipts and records of the use of EIDL funds to document how loan proceeds were used, for at least 3 years from date of final loan disbursement.*

SBA Covid-19 EIDL Program

Policy Changes

COVID EIDL Policy Changes

The below policy changes are all effective as of September 8, 2021:

	COVID EIDL Policy Change	Impact
1	Increase cap from \$500K to \$2M “ Exclusivity Period: ” No approval of loans greater than \$500,000 until Oct. 8, 2021	Higher loan amounts available
2	Allow for use of funds to be applied to payment and prepayment of commercial debt and regularly-scheduled payments of federal debt	Increase use of funds flexibility
3	Allow for 24 months of deferment from loan origination for all loans (existing loans with less than 24-month deferment will be adjusted)	SBA automatically defers for 24 months from loan origination
4	Affiliation requirements simplified: An affiliate is a business that you control or in which you have 50% or more ownership	Simplifies affiliation rules for all industries
5	Created additional way to meet program size standards for businesses assigned a NAICS code beginning with 61, 71, 72, 213, 3121, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, or 812, AND that have no more than 500 employees per physical location AND that have no more than 20 locations AND that meet all other COVID EIDL eligibility requirements	Includes industries uniquely impacted by COVID-19 and continue to experience significant economic hardship
6	Added \$10 million limit on maximum aggregate COVID EIDL loans to a single corporate group. Entities are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent	Introduces maximum cap on corporate groups

COVID EIDL Changes 1 to 3 - Terms Green = changes

Loan Amount	\$1,000 to \$25,000	>\$25,000 to \$500,000	>\$500,000 to \$2 million
Interest	3.75% (business) 2.75% (non-profit)		
Repayment Period	30 years		
Deferment	Up to 24 months (for all loans) – <i>SBA will adjust deferment on loans that did not receive 24 months</i>		
Requirements	Minimum Credit Score: 570 Collateral: None Personal Guarantee: None	Minimum Credit Score: 570 Collateral: >\$25,000 UCC-1 Personal Guarantee: >\$200,000	Minimum Credit Score: 625 Collateral: UCC-1 and business real estate Personal Guarantee: >\$200,000
Use	Normal operating expenses <ul style="list-style-type: none"> • Payroll • Rent • Inventory, raw materials, variable costs • Commercial Debt (payment and prepayment) • Federal Debt (includes Guaranteed and Direct Loan) (regularly scheduled payments) Working capital		

COVID EIDL Changes 4 to 6

Affiliation rules simplified to model RRF

- **Prior:** Applicant required to consider affiliation based on ownership, stock options, convertible securities, etc. which is traditionally completed by lenders
- **Change:** COVID EIDL to match RRF definition of an affiliated business

Expand methods of eligibility for industries hit hard by COVID to meet program size standards

- **Prior:** A business met SBA Size Standards
- **Change:** Business can now meet COVID EIDL size standards if they fall into certain NAICS codes (that represent industries significantly impacted by COVID), employ not more than 500 employees per physical location, and together with affiliates have no more than 20 locations

Creates limit on total loans to a single corporate group

- **Prior to Change:** No limit
- **Change:** Entities that are part of a single corporate group may not receive COVID EIDL loans in aggregate of more than \$10 million

COVID EIDL Change 5

NAICS	Industry
61	Educational Services
71	Arts, Entertainment and Recreation
72	Accommodation and Food Services
213	Support Activities for Mining
315	Apparel Manufacturing
448	Clothing and Clothing Accessories Stores
451	Sporting Good, Hobby, Book and Music Stores
481	Air Transportation
485	Transit and Ground Passenger Transportation
487	Scenic and Sightseeing Transportation
511	Publishing Industries (except Internet)
512	Motion Picture and Sound Recording Industries
515	Broadcasting (except Internet)
532	Rental and Leasing Services
812	Personal and Laundry Services
3121	Beverage Manufacturers

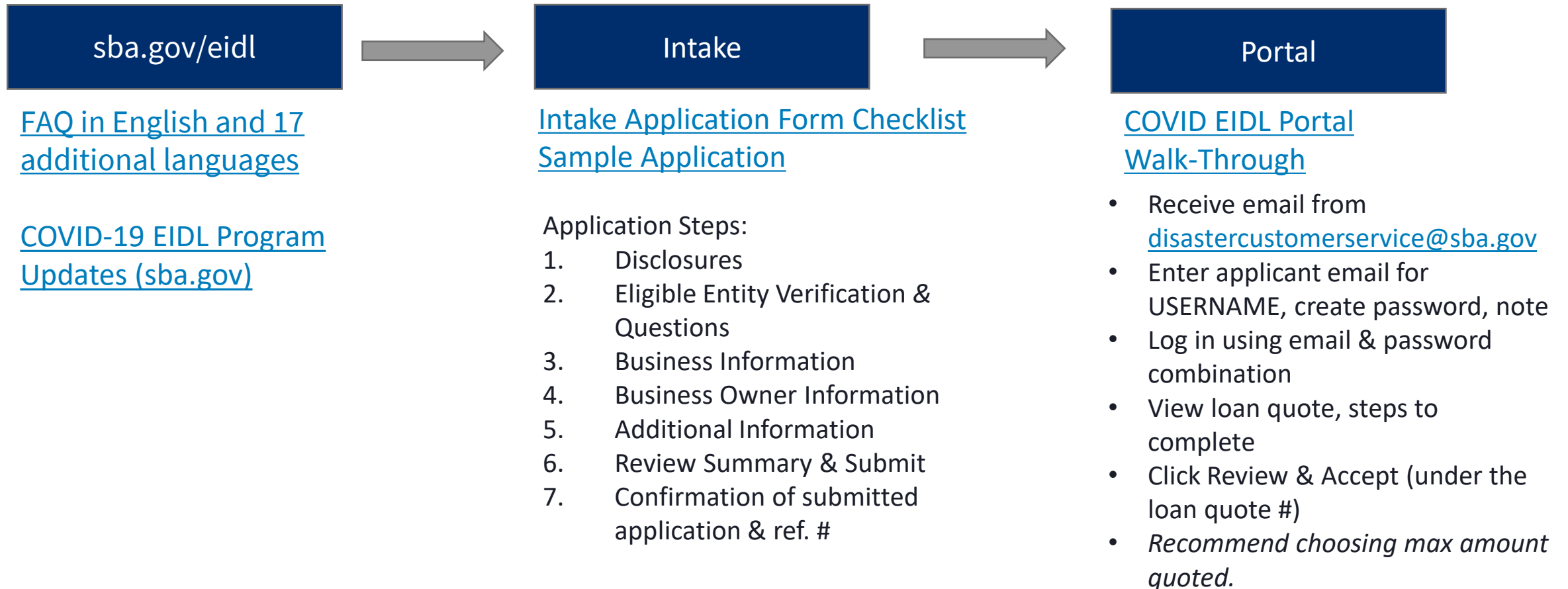
- 500 or fewer employees per physical location
- 20 or fewer locations (including locations of affiliates)

SBA Covid-19 EIDL Program

Application

Application Resources

Small businesses apply for COVID EIDL **directly through the SBA via sba.gov/eidl** where there are resources for each step of the application process:



Required Documents for Loan Amounts >\$500K



Applicants must upload the following required documents via their loan portal:

- ✓ 2019 Business Federal Income Tax Return (including all schedules)
- ✓ Standard Resolution and Certification (ODA Form P-022)
- ✓ Schedule of Liabilities (SBA Form 2202) (listing of Notes, Mortgages, etc.)
- ✓ List of Real Estate Owned
- ✓ Personal Financial Statement (SBA Form 413) Used for sole proprietors/independent contractors

NOTE: Applicants will see a link to the required documents in the portal

External: >\$500K Exclusivity Timeframe

New COVID EIDL Applicant

A new COVID EIDL applicant can pursue one of two paths:

1. \$500K Immediately and then >\$500K

1. Verify eligibility requirements met via FAQs
2. Complete EIDL Intake Form via sba.gov/eidl
3. Sign up for and complete application via SBA portal
4. Receive decision within three weeks
5. If approved, follow adjacent steps for a COVID EIDL increase for >\$500K funds

2. Apply for >\$500K Immediately

1. Verify initial and additional eligibility requirements met via FAQs
2. Complete EIDL Intake Form via sba.gov/eidl
3. Sign up for and complete application via SBA portal

COVID EIDL Increase >\$500K

For an applicant that has already received COVID EIDL funds and is eligible to increase their loan to >\$500K, they can apply following the below steps

1. Verify initial and additional eligibility requirements met via FAQs
2. Log into account on SBA portal (**do not apply for another loan**) to submit loan modification
3. Receive decision after October 8th or within 1.5 months of application submission

Application Details

The below timelines assume the applicant responds quickly to the SBA for any information requests and in completing each step of the process.

Scenario	Timeline
COVID EIDL Application for any funds <\$500K	3 Weeks
COVID EIDL Application for any funds >\$500K	6 Weeks
COVID EIDL Application for <\$500K and then an increase for >\$500K Funds	3 Weeks + 6 Weeks = 9 Weeks

Required Documents

For loan modification applications, it is possible they will not need to submit standard documents again

Standard document requirements

- Federal Income Taxes
- IRS Form 4506-T

Additional Documents for >\$500K

- ODA Form P-022 – Standard Resolution
- SBA Form 2202 – Schedule of Liabilities
- List of Real Estate Owned
- SBA Form 413 – Personal Financial Statement

SBA Covid-19 EIDL Program

Increases

EIDL Increase Requests

- ***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

- ***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.

SBA Covid-19 EIDL Program

Reconsideration

Reasons for Denial

Decline reasons are unique to the applicant. The most common reasons for a decline are:

- **Unsatisfactory credit history.** Because EIDL is a government loan, federal regulations require applicants to meet minimum credit standards to qualify.
- **Unverifiable information.** If an applicant does not respond within 7 days to requests for additional information from loan officers, their application may be declined. Request a reconsideration to reactivate your application.
- **Ineligible non-US citizen status.** Applicants must be US citizens, non-citizen nationals, or qualified aliens. Refer to **SOP 50 30 9, Appendix 7** for further information.
- **Business activity not eligible.**
- **Economic injury not substantiated.** There are two possible reasons for this decline:
 - 1) The economic injury is less than the amount of the EIDL Advance; or
 - 2) The information submitted does not indicate an economic injury.
- **Character reasons.** Applicants may be declined if they have
 - been convicted of a felony in the past five years;
 - been engaged in the production or distribution of any obscene product or service;
 - currently suspended or debarred from contracting with the federal government or receiving federal grants or loans;
 - presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction.
- **Failure to respond.** If applicants do not respond to emails asking for additional information or to sign loan closing documents, the application will typically expire after 60 days.

Reconsideration Process

CALL: 1-800-659-2955

- SBA sends out emails to the applicants requesting verification information
- Have your application number handy

EMAIL: pdcrecons@sba.gov

- Auto generated email confirming receipt
- Don't follow every other day. All that does is saturate the inbox
- First nationwide disaster. 50 states and territories are eligible. Be as patient as possible
- If it sits for over a month, then reinitiate contact

MAIL: You have the option to mail your reconsideration request to

- US Small Business Administration
- Disaster Assistance
- Processing and Disbursement Center
- 14925 Kingsport Road
- Fort Worth, Texas 76155

Put Application number on every single page and priority mail with receipt and tracking # to ensure receipt

FAX: 202-481-5931 (Gold fax # - will turn into an email)

Customer Assistance

E-mail Address	Description
DisasterCustomerService@sba.gov	General questions regarding disaster loans Updates to portal e-mail addresses for borrowers
TargetedAdvance@sba.gov	For general information about Targeted Advance.
TargetedAdvanceReevaluation@sba.gov	For initiation and follow-ups of Targeted Advance Reevaluations.
CovidEIDLIncreaseRequests@sba.gov	For requests to increase COVID EIDL loans for borrowers with no portal access
COVIDAdvanceBankReturns@sba.gov	For inquiries related to Targeted and Supplemental Advances when funding failed (bank rejected funds, incorrect bank account information, etc.)
PDC.Reconsideration@sba.gov PDCRecons@sba.gov	Application declined and want to send corrected information as outlined in borrower's declined letter (*use e-mail address in declined letter)

Questions?

Call 1-800-659-2955

New customer service number
(716) 247-4483

The SBA Resource Partner Network

Access the right tools at the right time—wherever you are.



www.prsbtdc.org

- **Free business and management consulting** to grow, innovate & export
- **Low-cost training** on crucial topics
- **Technical advice**



<https://vbocregion2.com/>

- **Counseling or transition assistance**
- **Training and advice** to start or grow your business, or purchase a new business
- **Resource referrals**



<https://puertorico.score.org>

- **Mentorship and advice** from volunteer real-world business executives—in-person or virtually
- **Free online workshops** and webinars



<https://centroempresarialparalamujer.org/>

- **Comprehensive training and counseling** on a variety of topics in several languages
- **Business advice** to level the playing field against unique challenges or obstacles

Your Local SBA District Office Can Help

SBA Puerto Rico & US Virgin Islands District Office

<https://www.sba.gov/pr>

U.S. Virgin Islands – (340) 473-7945

Puerto Rico – (787) 766-5002 / 5003

<https://www.sba.gov/updates>



https://twitter.com/SBA_PuertoRico

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Questions

