



Economic Injury Disaster Loan (EIDL) Updates and Supplemental Information

Information regarding the CARES Act and the EIDL loans is changing quickly and information may have changed since we created the videos. This document is intended to provide updates and supplemental information for viewers of our Economic Injury Disaster Loan Application Videos. This document was updated on April 19, 2020.

DISCLAIMER: This document is for educational purposes only. This document provides information about federal laws impacting small businesses. Legal information is not the same as legal advice (which involves applying laws to particular organizations and their circumstances). This document is not intended to provide legal or financial advice or create an attorney-client relationship. It is always a good idea to consult with a lawyer to obtain advice about how the law should be interpreted based on your particular situation. It's also a good idea to consult an accountant on the financial questions.

- 1. EIDL will trigger a credit inquiry of all owners/agents whose social security numbers are included in the application.** The current SBA EIDL online application was created from EIDL applications for previous disasters that were for *for-profit* businesses, not nonprofit organizations. The application currently requires the nonprofit agent to include their social security number. There has been requests for the SBA to take out the SS# request for nonprofit organizations, but it is currently still there. It is important to note that completing an EIDL application will trigger a hard inquiry on the credit report of whoever puts down their social security number. Consider the impact on the business owner or nonprofit agent's credit score. The EIDL is currently only awarding up to \$10,000 per employee or business owner and is reportedly limiting initial loans up to \$15,000 max (30 years at 3.75%). This might not be worth the impact of having up to \$25,000 (with up to \$10,000 max as a grant) loan reflected on your credit score, especially if the business owner could possibly apply for a line of credit. For nonprofit agents, your personal credit may be affected by your application for the nonprofit you are applying for.
- 2. SBA is not currently taking new applications for EIDL and PPP loans** because they have run out of money. As of April 16, 2020, the SBA stopped taking EIDL and PPP

loan applications. Congress is considering authorizing an additional \$250 billion dollars for these programs, but has not appropriated the money yet. We don't know if and when Congress will act.

3. **Get ready now.** If Congress appropriates more money for the EIDL and PPP loan programs, nonprofits and small businesses should be ready to apply as soon as possible. Get ready now to apply for these loan programs.
 - a. For Economic Injury Disaster Loan (EIDL) \$10,000 Advance and loan:
 - i. Review the EIDL Application.
 1. A pdf copy of the EIDL application is available on our website.
 2. Watch our video on walking through the online EIDL application.
 3. Review [Department of Treasury official website](#) on EIDL loans.
 4. For nonprofit organizations we recommend this video on PPP and EIDL loans prepared by the law firm of Perkins Coie [The Cares Act: Practical Aspects for Nonprofit Organizations](#), for an overview of the programs.
 - ii. Gather the information needed for the application.
 1. Contact information for the business and all owners or the agent of the nonprofit.
 2. EIN#s for businesses/nonprofit
 3. SS# for owners and agent
 4. Calculate the gross revenues and cost of goods/services or nonprofit operating expenses for either last 12 months or for 2019.
 - b. For Paycheck Protection Program (PPP)
 - i. Talk to your bank or find a bank that will process your application. Paypal has accepted PPP loan applications. So if you don't have a bank that can help you, Paypal may be an option for you. See list of [WA lenders](#) who are processing PPP applications.
 - ii. Get your paperwork ready. Watch videos and read materials to get a list of supporting documentation that banks are requiring.
 1. We recommend this video on PPP and EIDL loans prepared by the law firm of Perkins Coie [The Cares Act: Practical Aspects for Nonprofit Organizations](#), for an overview of the programs.
 2. The Department of Treasury has an [official summary](#) of the PPP program.
 3. List of documents that banks are typically asking for to apply for PPP:
 - a. Financial Statements for 2019
 - b. Documentation of payroll expenses for 2019
 - c. For nonprofits: Bylaws and board minutes showing authorization to borrow.

- d. Articles of Incorporation
 - e. Business License
- iii. Calculate your “average monthly payroll” amount. Watch videos and read materials to get information on how to calculate your “average monthly payroll. It may be helpful to contact your accountant to help you with this.
- iv. Review the [SBA Sample PPP loan application](#) to prepare yourself on the questions and certifications the banks will be requiring.