



U.S. Small Business
Administration

COVID EIDL

July 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 economic recession by providing quick, 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

COVID EIDL Terms

Category	Micro Terms	Full 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 extend payments over thirty years at a lower interest rate
- This results in particularly low monthly payments 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:

Credit Card Payments

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:

- $(\text{Annual Revenue} - \text{Annual Cost of Goods Sold}) \times 2 = \text{Loan Amount}$

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 new processes and performance management and dedicated additional personnel to COVID EIDL, resulting in significant improvements and increased capacity.
- The SBA went from daily processing of loan increases 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.
- At these increasing loan review rates, over 300,000 applications have been processed within weeks, and the 600,000+ loan modification backlog is expected to be cleared by mid-August with **most reviewed by early August**.

Customer Service

- The SBA is investing in an improved customer service experience for COVID EIDL applicants which includes more than doubling capacity, enhancing standards and response quality, and developing application completion support.

Outreach

- Additionally, the SBA is investing in outreach efforts to deliver COVID EIDL program information to all communities, including socio-economically disadvantaged communities via partnerships, webinars, and train the trainer series.

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.

When will the loan increase backlog be closed?

- August

How long is the program available?

- Until December 31, 2021