

CAPE COD COMMERCIAL
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ALLIANCE**
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SMALL BUSINESS ADMINISTRATION ECONOMIC IMPACT DISASTER LOAN (EIDL)

The information provided does not represent legal or financial advice. Please consult with your own banker, attorney, or accountant to confirm your eligibility and discuss the details of your particular situation.

June 15 Update: EIDL has re-opened to all eligible small businesses; announcement can be found [HERE](#)

If you already applied, but have not received your loan, be sure to check your email regularly (including your spam folder) and respond to any SBA questions as soon as possible to keep your application moving through the process.

The [SBA's Economic Injury Disaster Loan program](#) provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing from COVID-19.

EIDL includes an emergency advance of up to \$10,000 that does not have to be repaid. The advance will be \$1,000 per employee.

As of April 12, the SBA is advising applicants that they will make initial loan disbursements for two months of working capital up to a maximum of \$15,000 per applicant in addition to the forgivable advance. This is to support the greatest number of applicants with current appropriations.

Fishing businesses, including those who are self-employed, are eligible to receive an EIDL.

Crew who receive a 1099 are eligible to receive their own EIDL.

[Click HERE to apply for the SBA EIDL](#)

Details:

- Any small business, including those who files taxes as a sole proprietor or an independent contractor is eligible to apply - including any of your crew that you 1099.
- Apply directly with SBA through their quick & easy [online portal](#). (note, link may not work until SBA re-activates the application)
- Loan is for up to 30 years, 3.75%, no fees, no prepayment penalty, no payments for first year, but interest does accrue.
- No collateral for loans less than \$25,000. For large loans, collateral is preferred but not required if you don't have any, but borrowers pledge what is available.
- The loan can be used for most business expenses. You can use it to pay loan payments, payroll, accounts payable, and other operating expenses that could have been paid had the disaster not occurred, including fuel, bait, food, etc. You CANNOT use for depreciating assets such as vessels & trucks.
- There are no restrictions or deadlines on when you spend the loan.



- The emergency advance *should* arrive within 3-5 days but the loan decision will take 2-3 weeks. Reports indicate that the first round of EIDL took one month for the advance, with loan offers being made two weeks after the advance.
- If you applied during the first round of funds, your application is still active and in line for funds. Do not re-apply.

Tips:

- You are not obligated to accept the loan offered and you can hold off on the decision to accept the loan for six months. You can also just accept the forgivable advance and not take the offered loan. Just be sure to communicate with the SBA!
- Be sure to check the box "I would like to be considered for an advance of up to \$10,000."
- Don't let deciding how much to apply for delay your application- you don't get to ask for a certain amount on the application form. SBA will offer an amount and you can accept less or request more.
- Have ready your gross revenues and cost of goods sold for the 12 months prior to January 31, 2020 (as these terms are defined and reported on IRS tax return Schedule C). You do not need to submit your tax forms or other paperwork for the initial application.
- Double check your answers before submitting; if something is incorrect, your application goes to the back of the processing line once corrected.
- Funds are sent via direct deposit- be sure to triple check those numbers on your application.
- After you submit the online application, be sure to **write down and save your confirmation number**- SBA will NOT email you a confirmation and this number is the only way to identify your application if you need to call the SBA.
- SBA will check credit history to confirm you can repay- note, your credit has to be extremely low for them to deny the loan. If you are denied, you can submit a request for re-consideration.
- BE PATIENT. There is no way to track the status of your loan application, besides calling the SBA Customer Service number and asking for an update. You will not hear from SBA until they offer you the loan or if they have a question about your application. The advance will appear in your bank account with no notice from SBA.
- Here is an additional [tip sheet on EIDL](#) from SCORE
- If you applied with the old, lengthy application process, SBA requests that you visit <https://covid19relief.sba.gov/#/> and reapply with the secure streamlined process. You will not lose your place in queue with your original EIDL loan application.
- Consider paying your current expenses with a check or online, not cash, to have a paper trail of what you spent the loan on.

If you already had a non-disaster SBA loan, you can defer payments for six months. Contact your lender for details.

There is a new [SBA Bridge Loan Program](#) that can provide up to a \$25,000 loan to small businesses that have an urgent need for cash while waiting for decision and disbursement on an



Economic Injury Disaster Loan. You do need to have an existing business banking relationship with an SBA Express Lender. Check with your bank if interested.

Need Help?

- For specific application related questions or to check your status, reach out to SBA's Disaster Customer Service Center at (800) 659-2955 (24/7) or email disastercustomerservice@sba.gov or, for the deaf and hard-of-hearing 1-800-877-8339 or email us at: disastercustomerservice@sba.gov.
- For assistance with filling out the application and financial documentation, make a virtual appointment with your local resource partner. <https://www.sba.gov/local-assistance>. This local assistance may know additional local grants you can apply for.
- **Previous EIDL & Advances Status:** If you submitted an application, received correspondence from SBA, and have a loan number that begins with a "3", you are in the queue and your patience is appreciated. If you would like to further inquire about the process and understand what to expect next you should contact the Office of Disaster Assistance 24/7 Customer Service line at 800-659-2955.

EIDL Common Questions & Answers:

1. What is my total business Revenue?
 - Please talk to your accountant or refer to your IRS Tax Return Schedule C, Line 1.
2. What is my Cost of Goods Sold?
 - Please talk to your accountant or refer to your IRS Tax Return Schedule C, Line 4.
3. What is my business activity?
 - For fishing, you may select "Mining & Natural Resource Extraction" OR "Miscellaneous Services", whichever you feel describes your business most accurately.
4. How many employees do I have?
 - Count yourself and anyone else that you pay, EXCEPT do NOT include employees that receive a 1099-MISC from you.
5. How much of a forgivable advance am I likely to receive?
 - SBA is restricting the advance to \$1,000 per employee, with a maximum of \$10,000.
6. What if I made a mistake on my application?
 - Call the SBA 1-800-659-2955, provide your application confirmation number, and explain what needs to be corrected.
7. Can I include loss of multiple income streams in my application? Like shellfishing plus 1099 income from crewing.
 - Yes, both incomes should be considered.
8. If I have two separate businesses, can I apply for two loans?
 - If you have separate EINs (employer identification numbers) for each business, then yes you can apply for two loans.

If You Apply for PPP & EIDL:

- Borrowers can apply for BOTH an Economic Injury Disaster Loan and the Paycheck Protection Program loan.
- The Paycheck Protection Program loan funds and the Economic Injury Disaster Loan funds cannot be used for the same purpose.



- Borrowers who accept both loan funds should document the uses of the funds appropriately. Keep hard copies and digital copies of all receipts/expenses (have a back up, just in case).
- If your Economic Injury Disaster Loan was used for payroll costs, your Paycheck Protection Program loan MUST be used to refinance your Economic Injury Disaster Loan.
- Any advance up to \$10,000 on the Economic Injury Disaster Loan will be deducted from the loan forgiveness amount of the Paycheck Protection Program loan.
- For example, a borrower may obtain a loan from the Paycheck Protection Program and use those funds to pay for 8 weeks of payroll or employee retention. They may wish to then dedicate their entire EIDL funds towards working capital, notes payable and accounts payable that do not duplicate the funds provided through the Paycheck Protection Program. If the EIDL loan was used for payroll expenses, the borrower must refinance the EIDL loan with the PPP loan which carries a lower interest rate as well as a shorter maturity period.
- If you are applying for both, you can accept PPP first – then decide whether or not to close on your EIDL approved loan.

