

## COVID ECONOMIC INJURY DISASTER LOAN (COVID EIDL) EXPANSION

Overall, **more restaurants will qualify** for loans; restaurants can **receive higher loan amounts**; and the **funds can be used to pay previous commercial/private debt** with better payment rates and terms.

### NEW EIDL PROGRAM IMPROVEMENT

Designed to help small businesses access working capital with favorable repayment terms, the COVID EIDL program has been revamped to better help small businesses get financial assistance for COVID-19 pandemic-related losses.

**Among the program improvements are:**

- ✓ **Enhanced loan amounts** up to \$2 million from the current limit of \$500,000, allowing businesses to reapply for more funds
- ✓ **Expanded use of funds**, including pre-payment of commercial and/or credit card debt
- ✓ **Broadened eligibility rules** for affiliated businesses

### HOW TO USE COVID EIDL FUNDS

Borrowers may use COVID EIDL working capital loans 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.

### HOW COVID EIDL FUNDS CANNOT BE USED

Funds are strictly to help businesses recover. Restaurants must have been in operation as of 2019 and cannot use COVID EIDL funds to expand the business or for startup purposes. Unlike the Paycheck Protection Program (PPP), there is no “forgiveness” formula for COVID EIDL funds.

## LEARN MORE

Visit  
[RestaurantsAct.com](https://RestaurantsAct.com)



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<b>Interest + Terms</b>	3.75% (2.75% nonprofit) + 30 years
<b>Use of Funds</b>	<ul style="list-style-type: none"> <li>• Working capital: payroll, rent, maintenance etc.</li> <li>• Normal operating expenses</li> <li>• <b>Pre-payment (commercial, credit card, etc.)</b></li> <li>• <b>Principal &amp; Interest (debt owned by federal government)</b></li> </ul>
<b>Cap</b>	<b>\$2 million</b>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Current: Business must have less than 500 employees</li> <li>• <b>NEW: Affiliation requirements improved</b></li> </ul>
<b>Qualification</b>	<p>Economic Injury Formula: (2019 revenue – 2019 Cost of Goods Sold) x 2 = Maximum loan amount (up to \$2 million)</p> <p>The calculation is 24 months of the business' gross margin.</p>
<b>Deferment</b>	24 months as of the original loan closing date

### IF A RESTAURANT HAS ALREADY APPLIED FOR COVID EIDL HELP

Restaurants can request an increase by signing into the portal and submitting the 4506T. Be sure to match the 2019 address used in IRS filings. Then simply respond to an email from the Small Business Administration pertaining to the request for additional funds.

### FOR NEW RESTAURANT APPLICATIONS

Prepare your business, owner and bank information and visit [SBA's COVID-EIDL website](#). Learn more about how the COVID EIDL program can help your business by registering to attend the Association's webinar "More Flexibility and Funds: New SBA Loan Options for Restaurants and Small Businesses."