



U.S. Small Business  
Administration

# **COVID EIDL Program Updates** **Effective September 8, 2021**

# COVID EIDL – Loan Component Benefits

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

# 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](https://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](https://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 8<sup>th</sup> 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

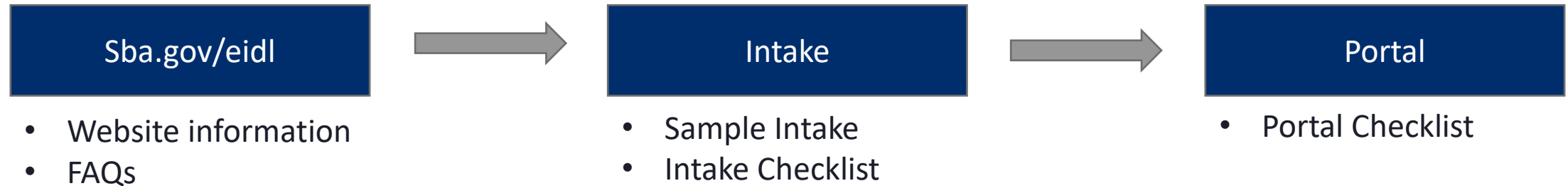
### Additional Documents for >\$500K

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



# Application Resources

Small businesses apply for COVID EIDL directly through the SBA via [sba.gov/eidl](https://sba.gov/eidl) where there will be the below resources for each step of the application process:





U.S. Small Business  
Administration

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