

ADVOCACY FAQ SHEET

Applying for the U.S. Small Business Administration's Economic Injury Disaster Loan (EIDL) program

What is an Economic Injury Disaster Loan (EIDL)?

EIDLs are lower interest loans of up to \$2 million that are available to pay for expenses that could have been met had a disaster not occurred, including payroll and other operating expenses. The first payment is deferred for 12 months.

The CARES Act also allows for emergency advances of up to \$10,000 for small businesses and private non-profits, including cooperatives. The form to apply is part of the [online EIDL application](#). Advances will be disbursed within three days of applying for an EIDL, and do not need to be repaid under any circumstance. To be eligible, organizations are required to have been in operation since January 31, 2020.

What can EIDL funds be used for?

EIDLs are intended to be used as working capital to keep employees on the payroll and meet operational expenses. Eligible uses of the funds include—but are not limited to—payroll, sick leave, increased production costs due to supply chain disruptions, and payment of business obligations including debts, rent and mortgage payments.

What types of cooperatives are eligible?

All cooperative businesses are eligible for EIDLs. There is an option on the first page of the [online application](#) that allows a business to identify as a cooperative (choose "Applicant is a cooperative with not more than 500 employees").

In a cooperative, who should complete the application?

The president should complete the application on behalf of the organization, accompanied by an agreement from co-op members—in the form of meeting minutes—designating power of signature.

In co-ops of greater than five—i.e. no one holds 20% ownership—what financial materials need to be submitted? What about co-ops of five or fewer?

In co-ops of more than five, personal financial information is needed only for the person filling out the application. In co-ops of five or fewer, each member needs to provide financial information.

What are the terms of the loan?

EIDLs have a 30-year term with 3.75% interest for small businesses and 2.75% for non-profits.

Is my start-up eligible?

A business that was in the process of starting operations and had purchased fixed assets, inventory, etc., and was subsequently damaged or destroyed by the disaster is eligible. This is true even if that business had not actually "opened its doors" prior to the disaster. Acceptable documentation includes 1.) Receipts or contractual agreements for inventory or machinery and equipment purchases; and 2.) Advertisements, employment classified ads, etc.

Can EIDLs be combined with the new Paycheck Protection Program?

Yes, an EIDL can be refinanced under a PPP loan. The funds may not be used for the same purposes. You should work with your lender to refinance this loan.

Who at SBA should I reach out to if I have additional questions?

Send an email to focecovid-19eidl@sba.gov.

Where else can I go for assistance?

Find your local SBA District Office here: <https://www.sba.gov/local-assistance/find/>