



Legal Strategies and Solutions
to Protect and Grow Businessessm

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EID Loans and EID Loan Advances – Summary

There is an important distinction regarding the newly available SBA Economic Injury Disaster assistance (EID loans vs EID loan advances) recently created as a result of the COVID-19 situation.

EID loans are not subject to forgiveness, but may be used for expenses other than payroll, interest, rent or utilities.

In contrast, EID loan advances *do not have to be repaid, even if the applicant's loan is denied*. Essentially, the EID loan advance is a grant. However, amount from the EID loan advance must be used for one or more certain specified purposes. The loan advance is supposed to be available within three days of a successful application.

Economic Injury Disaster Loan vs Loan Advance

	EID Loan	EID Loan Advance
Maximum Amount	Up to \$2 million	Up to \$10,000
Use of Proceeds	Unrestricted	Solely for the following business expenses: <ul style="list-style-type: none"> • to pay sick leave to employees not able to work due to the direct effects of COVID-19; • to maintain payroll during business disruptions and slowdowns; • to pay for increased supply chain costs; • to pay rent or mortgage payments • to pay debts that cannot otherwise be paid due to lost revenue
Eligible for Forgiveness	No, unless you roll the unpaid amount into a Payroll Protection Program* loan	Yes (if Use of Proceeds requirements are satisfied)
Personal Guarantee Required?	No—loans up to \$200,000 Yes—loans more than \$200,000	No
Interest Rate	Up to 4%	Not applicable
Maturity	Up to 30 Years	Not applicable

* Loans under the Paycheck Protection Program are separate from (and in addition to) the EID loans and loan advances. Before making any decisions, interested borrowers should understand the scope and purpose of these loans.

CAUTION: The EID loan can be used for any purpose. In contrast, the PPP loan is forgivable (under certain circumstances and up to certain amounts) and must be used for certain specified purposes—similar to the EID loan advance. However, a borrower can “roll” the EID loan balance into a PPP loan, which might create a problem when subsequently determining whether the PPP loan will be forgiven.