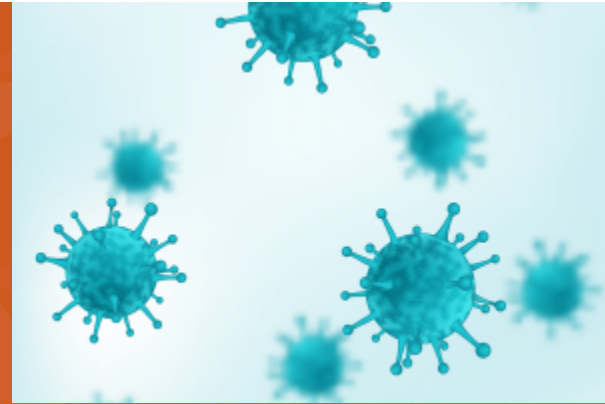


COVID-19 Alert: Economic Injury Disaster Loan

Small Business Administration Modifies Economic Injury Disaster Loan (EIDL) Advance

By: Joseph E. Hunt IV
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On April 6, 2020, the Massachusetts district office of the Small Business Administration (“SBA”) announced in a bulletin a few important changes with respect to the SBA’s Economic Injury Disaster Loan (“EIDL”) program, particularly the \$10,000 advance. These changes will apply on a nationwide basis.

Update: As of Friday, April 10, the bulletin published by the Massachusetts district office of the SBA has been taken down, adding further confusion with respect to the amount, availability, and speed of advances under the EIDL program.

Here is what you need to know:

NEW RULE

- Citing “high demand” for the EIDL loans and the advances in particular, the SBA has decided to implement a \$1,000 cap per employee on the EIDL advance, up to the maximum of \$10,000.00 in the aggregate.
 - For example, a business with five employees would be eligible to receive only \$5,000.00 up front, as opposed to the originally stated \$10,000.00 amount.
- This represents a major change in the EIDL program and will undoubtedly have an impact on small businesses that were counting on receiving an infusion of badly-needed working capital to help shore up their operations.

TIMING OF ADVANCE

- The same SBA bulletin states that the SBA intends to begin distributing the EIDL advances this week.
 - This is a departure from the text of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which had originally directed the SBA to issue the EIDL advances within three days of when the request was received.

STREAMLINED EIDL APPLICATION

- The SBA bulletin provides additional information for businesses who have previously applied for the EIDL loan program. If a business applied *before* the SBA implemented its streamlined EIDL application process online last week, the SBA *requires* the business to reapply online

through the secure streamlined process.

- A business that applied through the streamlined online application last week does not need to take further action at this time.

Morse is following this topic closely. Please feel free to reach out to your Morse contact, or to speak with **Joe Hunt** directly, should you have any questions.

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