



ECONOMIC INJURY DISASTER LOANS & EMERGENCY ECONOMIC INJURY GRANTS (EIDL) – CARES ACT

Designed to get money to business owners fast, these grants provide an emergency advance of up to \$10,000 to small businesses including independent pharmacies impacted by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you must first apply for an EIDL and then request the advance. The advance does not need to be repaid, and may be used to keep employees on payroll, to pay for sick leave, pay business obligations, including debts, rent and mortgage payments. Some other highlights of the Economic Injury Disaster Loan (EIDL) include:

- Up to \$2 million
- Loan to be used for payroll, fixed debts, accounts payable, other expenses or obligations that can't be paid to due to revenue loss.
- Fixed 3.75% rate
- Terms up to 30 years
- No prepayment penalties
- Personal guarantee required on loan amounts greater than \$200,000

To learn more about the options provided by the SBA, please consult with your accountant and lender. To review the resources available to pharmacy owners please visit:

<https://www.sba.gov/funding-programs/disaster-assistance>

<https://covid19relief.sba.gov/#/>

Can I Apply for EIDL and PPP?

You can apply for both. But you can't "double dip" and get funds from both loan programs for the same purpose. Specifically the legislation states that a borrower who has taken out an Economic Injury Disaster Loan for purposes other than payroll costs between January 31, 2020, and the date Paycheck Protection Program Loans are first made available are still eligible for a Paycheck Protection Program Loan as long as it is not used for the same purposes.

Will the EIDL be forgiven?

Under the EIDL, the grant portion up to \$10,000 does not need to be repaid. Even if your application for the EIDL is turned down, according to current guidance, you can still keep the grant.

How will you use the proceeds?

EIDLs are working capital loans that may be used to pay fixed debts, payroll (unless a PPP is in place), accounts payable, and other bills that could have been paid if the disaster did not occur. The loans are NOT intended to replace lost sales or profits or for expansion. Funds cannot be used to pay down long term debt.

The rules are constantly being updated and the U.S. Treasury and the SBA are continuing to provide guidance to the lending institutions. We highly recommend that each business owner consider the best solution for their business and work with their accountant and lender to figure out which disaster relief options are right for them. Also, be prepared to provide the necessary documentation that justifies your loan request (i.e., tax returns, profit and loss statements, payroll summaries, etc.) Because of the high demand for the disaster relief loans, be prepared to be patient while your application is reviewed. Also, beware of 'scammers' who may offer expedited application approval for any form of payment or consultant fee.