

# Round Two of the Stimulus Bill and the Economic Injury Disaster Loans (EIDL) Are Getting Money Out to Businesses Quickly

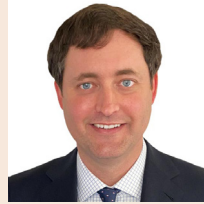
**PAYCHEX**  
Business  
Series

Coronavirus



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## Full transcript

### **Gene Marks:**

Hey, everybody. This is Gene Marks, and thanks for joining us today on the Paychex Business Series podcast. I'm speaking with Thad Inge, he's a Senior Manager of Government Relations at Paychex, and Thad and I are about to talk about the Economic Injury Disaster Loan program, which has been reopened up, not only for businesses now to apply for new loans, but also for new grants that could be issued as well. So Thad's going to take us through some of the new rules, how you can get a new loan from the EIDL program, as well as whether or not you're eligible for some of these grants.

### **Gene Marks:**

All right, Thad, so thanks for joining me. It's always a pleasure to talk with you. We are talking in this podcast about Economic Injury Disaster Loans, the program from the SBA. Thad, tell me everything you know about these Economic Injury Disaster Loans as they are right now.

### **Thad Inge:**

Alrighty. Economic Injury Disaster Loans have been around for a long time. They're part of the Disaster Loan Portfolio at the SBA, but what was different initially under the CARES Act is because they wanted to get money out quickly to small businesses, like yesterday, they came up with these idle grants, which were these \$10,000 grants where you could apply, get \$10,000 quickly while you were still working on your PPP loan or your full EIDL application. Because of the volume and the demand, there was a lot of technical and logistical and funding issues around that. A lot of people did get this money, but it took longer than they expected, and they had to curb some of it. They ended up coming up with a rule in the spring that said 1,000 per employee. Initially, it was 10,000 for anyone, and then it ended up if you had five employees, you could get 5,000.

### **Thad Inge:**

In this most recent stimulus, I think people still feel like this is a good way to get money out to businesses that are really in need, but they wanted to try to fix some of the issues, prioritize some of the money. There's another set of funding, \$20 billion, that was in this most recent stimulus that goes towards these EIDL grants, but they make some changes to try to prioritize it to those that really need it most.

**Gene Marks:**

The loans themselves though, I mean, the program stopped and now it's restarted and it's been refunded, so for starters, if you want an Economic Injury Disaster Loan, you need to be in a disaster area, which is like the entire country when it comes to COVID, right?

**Thad Inge:**

Exactly. Exactly.

**Gene Marks:**

That's really the only barrier to applying. I think most businesses can apply for these loans, and what are the amounts? I think it's \$2 million they can get, is that right?

**Thad Inge:**

Yeah, so the loans are up to \$2 million and those are loans that you have to pay back. I think it can go out as long as 30 years, and it's a low interest rate. But then the grants, the \$10,000 piece, that is money you do not have to pay back. There was some confusion or some problems with the PPP because they didn't initially want people double dipping and getting PPP for giving annual EIDL grant, and so some folks that got a PPP ended up with a \$10,000 balance because they weren't able to get the grant and all of their PPP for given. That was fixed, fortunately, in this last bill. No longer if you got a PPP loan, do you get stuck with a \$10,000 balance because you also got an EIDL grant, and they're going to come out with a way of if that's already happened to you, that you can get paid back for that. Just trying to make these programs work better together, so it didn't have some of these unintended consequence.

**Gene Marks:**

So the Economic Injury Disaster Loan programs, there's really two parts to them as you're explaining. First of all, to apply for this everybody if you're listening, this doesn't come through an SBA lender, this actually comes right from the small business administration. You go to [sba.gov](https://www.sba.gov), that's where you apply for these loans. That's number one. As Thad said, the loans are up to \$2 million, 30 year maturity, and Thad, because I'm an accountant, I know that it's 3.75% interest rates fixed, or 2.75% interest rate if you're a nonprofit, which basically means if you're going to get a \$75,000 loan, it's 300 bucks a month to pay back. It's a pretty good deal to get some money with a low payback because the maturity date is so long. So the first thing you need to know is that there's the loans that are available.

**Gene Marks:**

Then the second thing, as Thad was just explaining, are the grants that are available. My understanding is right now and Thad, boy, I can't tell you how many times I've been saying this, but the rules are changing so my understanding at this moment is, we're in the middle of January, is that businesses that apply for these loans can also apply for these grants. The grants are a thousand dollars per employee up to \$10,000. Right now on the SBA site, I was just on it, it's not open yet, so we're waiting. That's good that you can apply for these grants, but then there's also like these, I know we're going to talk... We have another podcast where we talk about special things for low and moderate income area businesses, but it's worthwhile repeating now, Thad, right? If you are in what's considered to be a low or moderate income area, and there's a definition for that, there are special grants under this program, does that make sense to you?

**Thad Inge:**

Yeah. Essentially, because the money ran out so fast last time and a lot of folks that really needed the money weren't able to get it, they're prioritizing those in low income communities. That will be first priority, there also \$10,000 grants, and it's for folks that did not secure a grant the first time, or maybe they weren't able to get the full \$10,000 amount. If you only got 3,000 the first time you could come back and get the full 10,000. What I've heard or read, is that January 17th, which is just a couple of days away, is when applications are supposed to be available on SBA's website. Hopefully, that'll be the case. We'll be looking out for that.

**Gene Marks:**

That sounds great. Then are you aware of what... I know that the Paycheck Protection Program ends March 31st? I believe that the EIDL right now goes through all of 2021. Is that your understanding too?

**Thad Inge:**

Yep. I think it's December 31st, 2021.

**Gene Marks:**

And you can get an Economic Injury Disaster Loan, and also get, you mentioned this earlier, you can also get a Paycheck Protection Program loan. They're two separate loans. Paycheck Protection Program is a forgivable loan that you get through an SBA lender. The Economic Injury Disaster Loan is not a forgivable loan, and you get that directly through the SBA. Thad, anything else to add before we end this conversation?

**Thad Inge:**

I think that's it. The EIDL loans had a lot of bumps in the Spring and Summer because of the demand. You used to be able to get \$2 million and they had to curb that. I think it went down to 150,000 because they had so much demand. But now that a lot of folks have gotten funding through PPP and other sources, and they've really been working to improve their processes, improve their systems. We're hoping moving forward, it's going to be a lot smoother for businesses looking for this at this option, and they will be able to get these loans more easily.

**Gene Marks:**

Thad Inge is a Senior Manager of Government Relations at Paychex. Thank you so much for joining me on for this conversation about Economic Injury Disaster Loans. And guys, if you're listening to this and you need more information, more support and resources to navigate your business through the pandemic and beyond, visit [paychex.com/worx](https://paychex.com/worx), that's W-O-R-X, for some great content and advice. My name is Gene Marks. Thanks for joining us. Look forward to seeing you on our next episode. Take care.

**Announcer:**

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