

# President Biden Offers Additional Financial Support to Small Businesses

President Joe Biden's administration is ardently increasing its efforts to get more Americans vaccinated against COVID-19 as the coronavirus Delta variant rages across the country.

Over the past several weeks, the White House has been gradually releasing sweeping COVID-19-related mandates. These include vaccine mandates for nursing home employees, federal workers and federal contractors.

The government also recently announced upcoming plans to mandate COVID-19 vaccination and testing among businesses with 100 or more employees; however, the specifics and timeline of those plans have yet to be released.

In addition to these efforts combatting the surge caused by the Delta variant, the Biden Administration has called upon the Small Business Association (SBA) to increase financial support for small businesses. **Specifically, the SBA is strengthening its COVID-19 Economic Injury Disaster Loan (EIDL) program by increasing available loan amounts from \$500,000 to \$2 million.**

Read on for more details related to this latest EIDL expansion. Visit the [SBA website](#) for even more information.

## LOAN ELIGIBILITY

There are a number of eligibility requirements for EIDLs. Employers must have certain credit ratings, have suffered working capital losses due to the pandemic, be physically located in the United States and have fewer than 500 workers, [among other stipulations](#).

Loans that are part of the COVID-19 EIDL program are independent of the Paycheck Protection Program (PPP) loans introduced earlier in the pandemic. Employers can apply for loans from both programs. However, it's important to note that while PPP loans are forgivable, EIDL loans are not.

## LOAN USE REQUIREMENTS

The SBA will soon be allowing eligible small businesses to obtain loans worth \$2 million, four times the previous limit. These funds may be used for virtually any operating expense, including:

- Payroll
- Equipment purchases
- Rent/mortgage
- Utilities

Funds may **NOT** be used for:

- Expanding a business
- Starting a new business
- Paying debts owned by a federal agency

### **PAYBACK TERMS**

EIDLs are paid back over 30 years with fixed interest rates—3.75% for businesses and 2.75% for private nonprofit organizations. Payments are deferred for 24 months (during which interest will accrue) from the date of the first disbursement.

### **LOAN APPLICATION DEADLINE**

Until **Oct. 8, 2021**, the SBA will only be approving loans of \$500,000 or less. This helps prioritize the smallest businesses that may need funds the most immediately. After this time, eligible businesses will be able to apply for up to \$2,000,000 in loans **until Dec. 31, 2021**.

### **ADDITIONAL INFORMATION**

Employers can learn more about the EIDL program on the [SBA website](#). Additionally, the SBA published some [frequently asked questions](#) (FAQs) to help address specific employer questions. This FAQ includes the specific details related to the EIDL program, including an exhaustive list of employer eligibility requirements.