



COVID-19 - SBA Loans: What do I do?

As we consider the pending legislation and what practices need to do, we feel it is in your best interest to apply for a Paycheck Protection Loan when they become available, after speaking with your accountant to determine the best timeline. The legislation has passed the House today and is expected to be signed by the President with additional guidance in the future.

There is some confusion regarding the Economic Injury Disaster Loan (EIDL). The legislation allows an EIDL loan to be refinanced and included as part of the PPP loan. However, some SBA lenders have told us you may only receive the EIDL loan or the PPP loan. If you have previously applied for the EIDL loan then should not have a problem but please speak with your accountant before accepting the terms of the loan as new guidance is being made available daily.

Economic Injury Disaster Loan – “EIDL”, “7(b)” loans.

1. ***\$10,000 grant received within 3 days***
2. The \$10,000 grant reduces the amount of loan forgiveness under the Paycheck Protection Program (PPP).
3. This is a loan, a 7(b) loan will not be forgiven but is a loan with a 4% interest rate.
4. The legislation says that EIDL Loan can later be refinanced when you obtain a PPP (Paycheck Protection Program) loan. A lender is saying it is one or the other which we want you to be aware of.
5. The EIDL Loan will increase the maximum loan amount of the 7(a) loan.
6. The EIDL Loan offers the opportunity to receive \$10,000 within 3 days that will be treated as a grant.
7. Our understanding is that the SBA determines the amount of loan you will receive. We believe they will make you an offer of the amount of your approved loan, calculated by SBA based on how you fill out your Schedule of Liabilities in your application. (Be aware that when filling out the Schedule of Liabilities section in your application, you should include practice debt, as well as fixed monthly expenses like payroll and rent.)

Apply online today at:

<https://disasterloan.sba.gov/ela/Information/EIDLLoans>

Paycheck Protection Program Loans – “PPP”, “7(a)” Loans

1. *Maximum of 2 ½ months of payroll to cover 8 weeks of payroll, utilities, business mortgage interest, and rent.*
2. You can't apply for these yet but you should make sure you have access to your payroll records from your payroll service online system so that you can apply for them when they are available.
3. We do not yet know how long it will take to get approved for a PPP loan. Ideally we want the loan origination date to be no earlier than when you are prepared to fully open due to calculation issues on the forgiveness. This is complicated so the goal right now is to gather information and not rush to apply. Touch base with your accountant before your apply but understand we are waiting for additional guidance including necessary regulations.
4. These are the loans that will offer the opportunity for loan forgiveness.
5. Every business with under 500 employees will want to apply for one to cover an 8 week period of payroll, rent, and utilities.
6. The loan amount will be based on 2.5x your average monthly payroll for the last year.
7. Payroll costs include payroll, group health insurance, SUTA taxes, and retirement plan contributions.
8. These will be made available through FDIC banks so although you can't apply yet, you should touch base with your bank to make them aware you will be interested.
9. Since the legislation isn't enacted law yet, your bank many not even know the details or if these will be offered.
10. The loan forgiveness will be a separate application after the money has been spent on qualified uses and is contingent on staffing levels to be the same at the end of June as they were on February 15th.

The PPP loan is essential for every practice to fund working capital that has taken a hit due to the practice being shut down.

Stay safe and healthy.

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