

BUSINESS OWNER SHOULD NOTE THE ENHANCED EIDL PROGRAM

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You, like all of us here at Abo and Company, probably would like to see COVID-19 in your rearview mirror and never look back. Unfortunately, while some things have improved, many businesses are still suffering from the effects of COVID-19. Many of the Small Business Administration's programs designed to help businesses affected by the pandemic, such as Paycheck Protection Program loans and Restaurant Revitalization Grants are out of money and no longer available. But the COVID-19 Economic Injury Disaster Loan (EIDL) program is still up and running. Even better, we just learned that the SBA recently made several changes to the program to try to make assistance more widely available.

The most important change is that the size of the maximum loan has been quadrupled, from \$500,000 to \$2,000,000. Businesses that already have an EIDL can apply for an additional loan, up to the new maximum. Loan proceeds can now be used to pay debt incurred both before and after the loan is made. Rules for determining whether the business is part of an affiliated group have also been tweaked, with the intention of making it easier to qualify for an EIDL.

While not as generous as a grant that doesn't have to be repaid or a loan that can be forgiven, a COVID EIDL has very favorable terms. The loans have a 30-year term with fixed interest rates of 2.75% for private nonprofit organizations and 3.75% for businesses. Although interest accrues, payments are deferred for the first 24 months, starting when the loan is funded.

Keep in mind that the program ends on December 31st of this year (or when the funds run out, if sooner). So if you are interested, you should act fast.

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