ASSESSING Recovery

ECONOMIC INJURY DISASTER LOANS
FOR THE TRAVEL AND TOURISM INDUSTRY
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COVID EIDL Program Updates
Effective September 8, 2021
COVID EIDL – Loan Component Benefits

The loan product offered via the COVID EIDL program is the remaining small business COVID recovery option. It is beneficial to small business owners due to its

- **Generous Terms**: 3.75% interest + 30-year repayment horizon + 2 years deferment

- **Reduced Repayment Burden**: 30 years with 2 years deferment results in relatively smaller monthly payments versus market alternatives ($10,000 COVID EIDL = monthly repayment of less than $50 a month)

- **Flexible Use**: Small businesses can use COVID EIDL funds on any normal operating expenses and working capital, including paying business debt

- **Accessible Application**: COVID EIDL is obtained directly through the SBA, requiring no external financial institution for a small business to apply for and obtain funds
## COVID EIDL Policy Changes

The below policy changes are all effective as of September 8, 2021:

<table>
<thead>
<tr>
<th>COVID EIDL Policy Change</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase cap from $500K to $2M “Exclusivity Period;” No approval of loans greater than $500,000 until Oct. 8, 2021</td>
<td>Higher loan amounts available</td>
</tr>
<tr>
<td>2. Allow for use of funds to be applied to payment and prepayment of commercial debt and regularly-scheduled payments of federal debt</td>
<td>Increase use of funds flexibility</td>
</tr>
<tr>
<td>3. Allow for 24 months of deferment from loan origination for all loans (existing loans with less than 24-month deferment will be adjusted)</td>
<td>SBA automatically defers for 24 months from loan origination</td>
</tr>
<tr>
<td>4. Affiliation requirements simplified: An affiliate is a business that you control or in which you have 50% or more ownership</td>
<td>Simplifies affiliation rules for all industries</td>
</tr>
<tr>
<td>5. Created additional way to meet program size standards for businesses assigned a NAICS code beginning with 61, 71, 72, 213, 3121, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, or 812, AND that have no more than 500 employees per physical location AND that have no more than 20 locations AND that meet all other COVID EIDL eligibility requirements</td>
<td>Includes industries uniquely impacted by COVID-19 and continue to experience significant economic hardship</td>
</tr>
<tr>
<td>6. Added $10 million limit on maximum aggregate COVID EIDL loans to a single corporate group. Entities are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent</td>
<td>Introduces maximum cap on corporate groups</td>
</tr>
</tbody>
</table>
## COVID EIDL Changes 1 to 3 - Terms

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>$1,000 to $25,000</th>
<th>&gt;$25,000 to $500,000</th>
<th>&gt;$500,000 to $2 million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest</strong></td>
<td></td>
<td>3.75% (business)</td>
<td>2.75% (non-profit)</td>
</tr>
<tr>
<td><strong>Repayment Period</strong></td>
<td></td>
<td>30 years</td>
<td></td>
</tr>
<tr>
<td><strong>Deferment</strong></td>
<td>Up to 24 months (for all loans) – SBA will adjust deferment on loans that did not receive 24 months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Requirements**     | Minimum Credit Score: 570  
Collateral: None  
Personal Guarantee: None | Minimum Credit Score: 570  
Collateral: >$25,000 UCC-1  
Personal Guarantee: >$200,000 | Minimum Credit Score: 625  
Collateral: **UCC-1 and business real estate**  
Personal Guarantee: >$200,000 |
| **Use**              | Normal operating expenses  
• Payroll  
• Rent  
• Inventory, raw materials, variable costs  
• Commercial Debt (payment and **prepayment**)  
• Federal Debt (includes Guaranteed and Direct Loan) (**regularly scheduled payments**) | |
|                      | Working capital     |
COVID EIDL Changes 4 to 6

• **Prior**: A business met SBA Size Standards
• **Change**: Business can now meet COVID EIDL size standards if they fall into certain NAICS codes (that represent industries significantly impacted by COVID), employ not more than 500 employees per physical location, and together with affiliates have no more than 20 locations

• **Prior**: Applicant required to consider affiliation based on ownership, stock options, convertible securities, etc. which is traditionally completed by lenders
• **Change**: COVID EIDL to match RRF definition of an affiliated business

• **Prior to Change**: No limit
• **Change**: Entities that are part of a single corporate group may not receive COVID EIDL loans in aggregate of more than $10 million

Affiliation rules simplified to model RRF

Expand methods of eligibility for industries hit hard by COVID to meet program size standards

Creates limit on total loans to a single corporate group
## COVID EIDL Change 5

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>Educational Services</td>
</tr>
<tr>
<td>71</td>
<td>Arts, Entertainment and Recreation</td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and Food Services</td>
</tr>
<tr>
<td>213</td>
<td>Support Activities for Mining</td>
</tr>
<tr>
<td>315</td>
<td>Apparel Manufacturing</td>
</tr>
<tr>
<td>448</td>
<td>Clothing and Clothing Accessories Stores</td>
</tr>
<tr>
<td>451</td>
<td>Sporting Good, Hobby, Book and Music Stores</td>
</tr>
<tr>
<td>481</td>
<td>Air Transportation</td>
</tr>
<tr>
<td>485</td>
<td>Transit and Ground Passenger Transportation</td>
</tr>
<tr>
<td>487</td>
<td>Scenic and Sightseeing Transportation</td>
</tr>
<tr>
<td>511</td>
<td>Publishing Industries (except Internet)</td>
</tr>
<tr>
<td>512</td>
<td>Motion Picture and Sound Recording Industries</td>
</tr>
<tr>
<td>515</td>
<td>Broadcasting (except Internet)</td>
</tr>
<tr>
<td>532</td>
<td>Rental and Leasing Services</td>
</tr>
<tr>
<td>812</td>
<td>Personal and Laundry Services</td>
</tr>
<tr>
<td>3121</td>
<td>Beverage Manufacturers</td>
</tr>
</tbody>
</table>

- 500 or fewer employees per physical location
- 20 or fewer locations (including locations of affiliates)
### New COVID EIDL Applicant

A new COVID EIDL applicant can pursue one of two paths:

#### 1. $500K Immediately and then >$500K

1. Verify eligibility requirements met via FAQs
2. Complete EIDL Intake Form via sba.gov/eidl
3. Sign up for and complete application via SBA portal
4. Receive decision within three weeks
5. If approved, follow adjacent steps for a COVID EIDL increase for >$500K funds

#### 2. Apply for >$500K Immediately

1. Verify initial and additional eligibility requirements met via FAQs
2. Complete EIDL Intake Form via sba.gov/eidl
3. Sign up for and complete application via SBA portal

### COVID EIDL Increase >$500K

For an applicant that has already received COVID EIDL funds and is eligible to increase their loan to >$500K, they can apply following the below steps

1. Verify initial and additional eligibility requirements met via FAQs
2. Log into account on SBA portal **(do not apply for another loan)** to submit loan modification
3. Receive decision after October 8th or within 1.5 months of application submission
**Application Details**

The below timelines assume the applicant responds quickly to the SBA for any information requests and in completing each step of the process.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Timeline</th>
</tr>
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<tbody>
<tr>
<td>COVID EIDL Application for any funds &lt;$500K</td>
<td>3 Weeks</td>
</tr>
<tr>
<td>COVID EIDL Application for any funds &gt;$500K</td>
<td>6 Weeks</td>
</tr>
<tr>
<td>COVID EIDL Application for &lt;$500K and then an increase for &gt;$500K Funds</td>
<td>3 Weeks + 6 Weeks = 9 Weeks</td>
</tr>
</tbody>
</table>

**Required Documents**

For loan modification applications, it is possible they will not need to submit standard documents again

**Standard document requirements**
- Federal Income Taxes
- IRS Form 4506-T

**Additional Documents for >$500K**
- ODA Form P-022 – Standard Resolution
- SBA Form 2202 – Schedule of Liabilities
- List of Real Estate Owned
- SBA Form 413 – Personal Financial Statement
Small businesses apply for COVID EIDL directly through the SBA via sba.gov/eidl where there will be the below resources for each step of the application process:

**Sba.gov/eidl**
- Website information
- FAQs

**Intake**
- Sample Intake
- Intake Checklist

**Portal**
- Portal Checklist
COVID EIDL Portal Instructions
1. After completing the COVID EIDL Intake Application Form, Applicant receives email prompting them to set up a portal account for the SBA COVID EIDL Application from disastercustomerservice@sba.gov (add sba.gov to safe-sender list)

2. Enter email and create password (review and note credentials for future use)
   1. Password must contain at least 6 characters: 1 upper case letter, 1 lower case letter, and 1 number

3. Two-factor authentication will be initiated via email
1. Once your account has been created, sign into your account using your email and password combination

2. Applicant email is the only option for a username – Future portal log-ins will all be with email being the username
1. After logging in, applicant will see loan quote, and steps to complete in order to submit the loan application for processing
2. Applicant Status is Eligible
3. Eligible Loan Amount is displayed
4. Applicant needs to click Review and Accept amount to pick a loan amount (click under the loan #, not the green button, which under the $350,000 in this example)
1. Applicant then confirms the loan request amount using the “slider” tool or **types the loan amount in the text box**
2. If the applicant is choosing the maximum loan amount, be sure the slider is dragged completely to the right and the loan amount depicted in the red and white boxes matches the desired and qualified loan amount.
3. Applicant’s new total monthly payment amount can be seen in the bottom right of the “Loan Breakdown” section.
4. Applicant clicks Accept.
1. After accepting the desired loan amount, the applicant sees what steps still need to be completed within the portal.
2. Applicant clicks continue to verify their identity in the portal.
1. The applicant verifies their identity by answering questions with answers drawn from their personal credit history and other verified documentation.

*Note:* Should identity verification fail, please continue the process and an SBA representative will contact you.
1. Electronic Disbursement information was submitted in the Intake Application Form. Here, that information can be updated.
1. Once identity verification is complete, applicant clicks “start” next to Upload Documents step
2. Documents needed for the loan application are found in “Upload Documents”. Some required documents will have a link where the applicant can download the blank form to their device
3. Applicant must upload documents listed to submit the loan application
1. Applicant clicks “Sign” to complete the tax return transcript request (4506-T).
2. Upon clicking “Sign”, the applicant will see the 4506-T screen. Once the 4506-T screen has been signed, it is sent to the IRS to obtain tax information.

**Note:** If the browser has a pop-up blocker turned on, this step may not work until it is turned off.
1. All “Steps to Complete” show completed in blue
2. “Submit for Processing” blue button appears
3. Click to submit for processing
1. Click submit to confirm submission. This will submit your application for processing. Please note, once submitted no edits can be made.
1. Application enters “Processing” stage

Your Quote

Status: Amount Confirmed
$250,000

Status

Your application is being processed

Steps to Complete

Verify Identity
Completed

Electronic Disbursement
Completed

Upload Documents
Completed

Review and Sign Documents
Completed

Questions?

Call 1-800-659-2855
TTY/TDD: 1-800-877-8339

Email the SBA
disastercustomerservice@sba.gov
1. While Processing if the amount is changed/resized (Either by the system as a result of discrepancy in tax return or by the Loan Officer impacting the eligible loan amount), the applicant is sent an email.

2. When the applicant logs in, they need to review and accept the amount one more time for the updates/resized amount.
1. Applicant needs to review and accept the amount one more time for the updated/resized amount. For Applicants desiring a lower amount, the loan must be updated/resized by contacted an SBA Loan Officer.
1. Once review is finished and if loan is approved, closing docs are generated. Applicant will receive an email instructing them to log-in to the portal.

2. Status depicts approval message.

3. Applicant needs to sign the closing documents for the loan to fund.
1. Applicant clicks “start” next to review and sign documents to enter DocuSign process
2. Applicant reads relevant document, checks “I agree to use electronic records and signatures” and executes the document package
1. Funds initiate disbursement process after a Loan Officer approves the funds and once the applicant signs the documents.
2. When status moves from Funding to Funded, the loan is disbursed.
FIND MORE RESOURCES ON FUNDING AND RELIEF HERE:

USTRAVEL.ORG/RELIEFRESOURCES