

SBA Provides Additional Guidance to Applicants for PPP and EIDL Loan Programs – April 6

A [bulletin](#) issued by the Small Business Administration (SBA) on April 6, 2020 provides some additional guidance on common questions being raised with respect to the Paycheck Protection Program (PPP) and Economic Impact Disaster Loan (EIDL) program.

Can a small business apply for both a PPP loan and an EIDL loan?

Yes, within the applicable guidelines, a business can apply for both.

- Funds from the two loans cannot be used for the same purpose.
- Borrowers who accept both loans should document the uses of the loans appropriately.
- An EIDL taken before April 3, 2020 and used for payroll must be refinanced in the PPP loan if a PPP loan is subsequently taken.

Given the limitation of the PPP loans for use primarily for payroll, businesses faced with expenses other than payroll should also pursue the EIDL.

What is the status of the emergency advances?

The SBA states that grants will begin being distributed during the week of April 6.

Will all businesses who applied for an EIDL receive a \$10,000 emergency advance?

The bulletin states that businesses will receive an emergency advance of \$1,000 per employee up to a maximum of \$10,000. The CARES Act provides for an advance of “up to” \$10,000. There is no citation for this guidance, so it may not reflect a final policy decision.

Will EIDL loans remain available after the PPP program expires?

Yes. The EIDL loans related to the COVID-19 outbreak will be available through December 31, 2020. The PPP program is scheduled to expire on June 30, 2020.

With respect to another issue, the SBA urges applicants who applied for an EIDL loan prior to the new streamlined process at covid19relief.sba.gov/#/ should re-apply using the new process, which also permits the borrower to request the emergency advance. The SBA states that borrowers will not lose their place in the process by re-applying.