

On March 27, 2020, Congress passed the [Coronavirus Aid, Relief and Economic Security](#) (CARES) Act, which includes a number of financial resources to benefit business owners and independent contractors dealing with financial damage from the COVID-19 pandemic. The CARES Act, along with prior state and federal stimulus programs, provides several relief programs:

- Paycheck Protection Program loans (PPP):
<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>
- Economic Injury Disaster Loans (EIDL):
<https://www.sba.gov/page/disaster-loan-applications#section-header-0>
- SBA Express Bridge Loans (EBL):
<https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide>

Q: Which of the SBA loans should I apply for?

As described below, Paycheck Protection Program (PPP) loans are provided on very favorable terms, and they may be the best option for most brokers. Economic Injury Disaster Loans (EIDLs) also remain an excellent option. If you need immediate financial relief, requesting an advance on an EIDL or arranging an SBA Express Bridge Loan (EBLs) with your lender are good options.

Note: You cannot apply for both PPP loans and EIDLs concurrently if you plan to use the loan proceeds for the same purposes. You should carefully review the options available to select the loan that will be the best fit for your needs and circumstances.

Borrowers are required to make a good faith certification that they have been affected by COVID-19 and will use funds to retain workers and maintain payroll and meet other debt obligations. **If you received an EIDL loan related to COVID-19 between January 31, 2020 and April 3, 2020, you may be able to refinance the EIDL into the PPP for loan forgiveness purposes.**

Q: What is an Economic Injury Disaster Loan, and who qualifies?

Economic Injury Disaster Loans (EIDLs) are targeted, low-interest loans to small businesses that have been severely impacted by the coronavirus. They are currently available to small businesses with fewer than 500 employees, including sole proprietors, independent contractors and other self-employed individuals. Because most agents operate as independent contractors, agents can qualify for EIDLs.

Independent contractors who have experienced “substantial economic injury” are eligible for an EIDL. “Substantial economic injury” means the contractor is unable to meet their obligations and pay their ordinary and necessary operating expenses.

The borrower is not permitted to borrow both EIDLs and PPP loans if both loans are to be used for the same purpose. However, if you received an EIDL loan related to COVID-19 between January 31, 2020 and April 3, 2020, you may be able to refinance the EIDL into the PPP for loan forgiveness purposes.

A streamlined online application for EIDL loans has been made available by SBA at the following link: <https://covid19relief.sba.gov/>

Q: What is an SBA Express Bridge Loan, and who qualifies?

The Express Bridge Loan (EBL) program authorizes SBA express lenders to provide expedited guaranteed bridge loan financing on an emergency basis for disaster-related purposes to small businesses while those small businesses apply for and await long-term financing. Effective March 25, 2020, SBA expanded the program to include small businesses nationwide. Small businesses that have been adversely impacted by the COVID-19 emergency are eligible. The small business must have been operational when the declared disaster commenced and must meet all other 7(a) loan eligibility requirements.

SBA express lenders are only allowed to make EBL loans to eligible small businesses with which the lender had an existing banking relationship on or before the date of the applicable disaster. Check with your bank to determine if it is currently offering EBL loans and to see if you qualify. Applying for an EBL will be done through your lender

Below is a brief on each program:

Loan Type	Forgivable	Maximum Amount	Possible Uses of Loan Proceeds
PPP	Yes	\$10 million	Payroll costs (including paid sick leave), employee salaries, rent expenses, mortgage expenses, insurance premiums and other debt obligations
EIDL	No <i>Yes if approved for \$10,000 cash advance</i>	\$2 million	Working capital purposes, including payment of fixed debts, payroll, and accounts payable
EBL	No	\$25,000 (I heard this amount may be increased)	"Disaster-related purposes" to support the survival and/or reopening of the small business

Sources:

<https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>

<https://www.uschamber.com/press-release/us-chamber-creates-coronavirus-loan-guide-help-small-businesses>



[U.S. Chamber Creates Coronavirus Loan Guide to Help Small Businesses | U.S. Chamber of Commerce](#)

The U.S. Chamber of Commerce has created a guide to help small businesses, independent contractors, and gig economy workers prepare to file for a coronavirus relief loan under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

www.uschamber.com