1. The Economic Injury Disaster Loan is Back. Here's Why You Should Apply Right Now - YouTube

<https://www.youtube.com/watch?v=7P8dct3_Hcw>

Transcript:

hey what's up everybody its Brennan from bench back with another update video this time around the eid al loan program which it was unexpectedly reopened on june 15th by the sba to all eligible small businesses as you might have remembered the first time around that this program was open applications were so high in volume that they closed the program down so let's review the program requirements itself in the application so you know if you're eligible and you can get that application in as soon as

possible to review the eid al loan program was actually open prior to the pandemic itself not a program that was implemented because of it it was used to it's just any businesses that were in a period of a disaster affecting their business and their ability to operate with the pandemic itself it has opened up to all applicable states with every business being eligible to apply maximum loan amounts for the program were originally set at two million dollars however as corroborated by our clients and by some news outlets maximum loan

amounts will be limited to around a hundred and fifty thousand dollars this time around collateral is not required for loans that do not exceed two hundred thousand dollars so there's a very low chance that you'll have to actually provide any personal collateral for the loan itself the interest rate is going to be 3.

75 percent for businesses with a 2.75 percent interest rate for not-for-profits the loan term is going to be around fifteen to thirty years with payments deferred for twelve months now this is not a forgivable loan i've seen a little bit of misunderstanding here only the PPP is a forgivable loan the eid l will not being forgivable does have the advanced grant aspect to it which is a grant of around ten thousand dollars that does not need to be paid back now funds should be used for basic day-to-day operating expenses it is considered to be working capital

so rather than outlined some of the permissible uses of eid al funds i'd like to instead focus on what you can't use the funds for which would not fall into the terms and conditions anything that you've used at your PPP loan for you cannot use your Eid L loans funds for so for instance payroll if you're using your PPP for any rent utility is released senses that can't be covered by the Eid el disbursements to owners unless word performance of services will also not be covered so for instance if you're a

video editing company you typically have a contractor do some work for around $300 you're instead doing that work you can compensate yourself for that amount but you cannot take draws from the company the refinancing of previously outstanding debts is not permissible nor is the acquisition of fixed assets repair or replacement of physical damages or relocation expenses anything like a capital acquisition dividends and bonuses are also not a permissible of the Eid al fund so keep those in mind and avoid the use of loan funds for

those purposes now by far the best part of the Eid L is its ease of application it's all done in one singular place and SBA is processing all applications you don't need to actually find a lender that's going to be offering this service you can go straight to their disaster loan portal and get the application started right away everything will be done online you apply for the grant at the same time be mindful that when you're filling out that application you are checking the box to say you're interested in applying

for that grant as well there is unfortunately no way to apply for the grant separately if you've already been approved for or had your loan application considered you will need to provide a verification of Eid eligibility which is just verifying that you fall under the definition of being a small business as well as the fact that you are economically injured from the pandemic itself in terms of the numbers that you will have to provide gross revenues and cost of goods sold for February 2019 to January 2020 is what's going to be

required you'll be able to find that information on your income statement for bench clients you can customize your income statement to fall over that date range and get those amounts if you're having any questions about that reach out to your bookkeeper as they will be it equipped to help you I also want to mention the misconception that if you have a PPP you may not be eligible for the Eid L these two programs are still considered separate even though the fact that they were designed to be used together

now that the IDL is being rolled out a second time following the PPP you are allowed to use these two programs separately you just cannot use them to cover the same expenses the grant that you received for the Eid L if you do indeed receive one will still impact your forgiveness amount that you're eligible for your PPP loan it will be reduced by that full amount so if you received an idle grant of one thousand dollars you will now no longer be able to receive forgiveness under $1,000 portion of that PPP loan the last thing you really want

to cover is the requirements in terms of record-keeping and bookkeeping following receiving the Eid alone because they are gonna be some lofty standards here are the conditions for the Eid alone agreement that you should be aware of you're going to have to maintain current and proper records for the most recent five years until three years after your loan maturity or after the loan has been paid in full whichever comes first now keep in mind with the loan trim being up to thirty years that is a long period of

time records include financial and operating statements insurance policies tax returns and related filings records of earnings or dividends distributed and records of compensation to owners or shareholders you're also going to have to allow the SBA to inspect or audit all books or records allow the SBA to inspect or appraise any business assets provide financial statements to the SBA within three months of the end of your fiscal year pay for a review of financial statements by an independent public accountant if requested by the

SBA and allow all federal state and municipal governments to provide the SBA with relevant documents if requested by the SBA now how do you exactly go about that how do you maintain good records to ensure that you're going to be compliant and if these requests arise you can actually address them the importance is going to be in maintaining accurate and up-to-date books that will allow the SBA and of course yourself to get a clear look at the financial health of your business using financial documents and

it's going to start with the two building blocks of bookkeeping which is the balance sheet and the income statement you'll need to track and categorize all of your business expenses receipts and invoices should be digitally filed and recorded all of this is going to be a very big time investment but it's very useful for your business even beyond the ideal itself so consider the self as an implementation of not just the best practices for the Eid L but just best practices to improve overall business practices on mass an

additional note to that is that for SBA ready books you should have complete financials for the last five years of your business if applicable for the full five years a fully completed and accurate ledger of transactions list of accounts and income statement and balance sheet are all what's going to be required if you don't have this information available if you're not on a bookkeeping service this is where bench can help we do have a catch-up service that allows you to actually have your books for a period of time that you had

not been doing the record-keeping to be caught up and so you're up to date on your financial statements we also offer a free trial month where you can see what our service is like and how that's gonna actually apply to the idle application or how it's gonna apply to just good record-keeping practices if you've received your IO anyways that's everything that I have to cover on the subject today as always if there's gonna be any updates we will run them through our YouTube channel so please subscribe

as well as follow us on Twitter we are just at bench we managed to get that handle so we're very easy to find that's where we're going to provide our most up-to-date information on all of the relevant relief programs that are available to small businesses I suppose anything we just think is prudent for you to know and I'll be here next time for the next update I'll see you then