

EIDL LOAN FUNDS

Eligible expenses include:

- Fixed debts (rent, etc.)
- Payroll
- Accounts payable
- Some bills that could have been paid had the disaster not occurred.
- Dividends and bonuses
- Disbursements to owners, unless for performance of services
- Repayment of stockholder/principal loans (with exceptions)
- Expansion of facilities or acquisition of fixed assets
- Repair or replacement of physical damages

Ineligible Uses of Loan Proceeds: EIDL proceeds may not be used for:

- Payment of any dividends or bonuses
- Disbursements to owners, partners, officers, directors, or stockholders, except when directly-related to performance of services for the benefit of the applicant
- Repayment of stockholder/principal loans, except when the funds were injected on an interim basis as a result of the disaster and non-repayment would cause undue hardship to the stockholder/principal
- Expansion of facilities or acquisition of fixed assets
- Repair or replacement of physical damages
- Refinancing long term debt with a repayment period of more than one year
- Paying down (including regular installment payments) or paying off loans provided or owned by another Federal agency (including SBA) or a Small Business Investment Company licensed under the Small Business Investment Act. Federal Deposit Insurance Corporation (FDIC) is not considered a Federal agency for this purpose
- Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations

- Pay any penalty resulting from noncompliance with a law, regulation or order of a Federal, state, regional, or local agency
- Contractor malfeasance
- Relocation or moving outside of the disaster area (however, you can request written consent to relocate)

Extraordinary items can include:

Temporary rent or storage fees, additional advertising costs, etc.;

Accelerated debt due to the disaster;

Inventory replacement may be an extraordinary item. For example, in the spring, a clothing store located in a disaster area is left with an inventory of winter clothing and has no funds to order summer stock. The cost of ordering summer inventory represents an additional need.