

The CARES Act: A Summary of SBA Loan Programs Under EIDL and PPP

| | Paycheck Protection Program (PPP) | Economic Injury Disaster Loan (EIDL) |
|----------------------------|--|---|
| Summary | Low-interest loans (capped at 4%) to pay Payroll Costs ¹ (defined below) for the eight-week period after the PPP is originated. Amount is capped at 2.5 times average payroll from the last 12 months. | Low-interest loans (capped at 3.75%) for working capital to small businesses suffering substantial economic injury due to COVID-19. Borrowers can request a \$10,000 advance as a grant. If the EIDL loan is denied, the advanced grant funds do not need to be returned. Loan amount is determined by the amount of provable damages suffered from COVID-19. |
| Covered Period | February 15, 2020 – June 30, 2020 | January 31, 2020 – December 31, 2020 |
| Eligible Borrowers | <ul style="list-style-type: none"> All small businesses in operation and paying payroll as of 2/15/20 with fewer than 500 employees NAICS 72 sector businesses (Accommodations and Food Service) with fewer than 500 employees per location in existence with payroll on 2/15/20 501(c)(19) veteran groups, 501(c)(3)s, and tribal businesses with fewer than 500 employees Self-employed individuals Independent contractors Sole proprietorships | <ul style="list-style-type: none"> Businesses with fewer than 500 employees Cooperative with fewer than 500 employees Tribal businesses with fewer than 500 employees Independent contractors Sole proprietorships Private nonprofit organizations |
| Loan Amount | Up to 2.5 months of Payroll Cost ¹ with a maximum of \$10 million | Up to \$2 million, based on actual economic injury determined by the SBA |
| Permitted Use | Forgiveness only provided if used for the following costs: <ul style="list-style-type: none"> 75% to be used for Payroll Costs¹, group healthcare benefits (Employee salaries, commissions, or similar compensations) No more than 25% for Rent, utilities, mortgage interest or Interest on other debt obligations incurred prior to 02/15/2020 | Proceeds may be used to pay fixed debts, payroll, accounts payable, rent, utilities and other bills that cannot be paid because of the disaster's impact. |
| Interest Rate | 4% cap | <ul style="list-style-type: none"> 3.75% for Businesses 2.75% for Nonprofits |
| Repayment Term | Up to 30 years. | The remaining balance (the unforgiven portion) will have a maximum maturity of 10 years. |
| Debt Forgiveness | SBA will provide eight weeks of loan forgiveness for funds applied to payroll cost, mortgage interest, rent, and utility expenses between 2/15/20 – 6/30/2020 ² but only if forgiveness requirements include keeping the employed employee, not reducing salaries and wages, and using funds for approved uses only. | <ul style="list-style-type: none"> SBA may provide up to \$10,000 in emergency grants to EIDL applicants that need it Applicants do not need to repay the grants even if the loan application is denied³ |
| Collateral | None | For loans over \$25,000 |
| Personal Guaranty | None | For loans over \$200,000 |
| Application Process | <ul style="list-style-type: none"> Issued directly by SBA-approved banks nationwide Loan fees waived | <ul style="list-style-type: none"> Issued by the SBA Office of Disaster Assistance directly (NOT THROUGH BANKS) Approval solely on creditworthiness and provable financial damages Loan fees and one-year of operations waived |

1. Payroll Costs include salary, wage, commission, or other compensation, payments of cash tips, payments for vacation, parental family, medical, or sick leave, allowance for dismissal, healthcare benefits (including premiums), retirement benefits and payroll taxes, but exclude compensation to any individual employee or contractor in excess of \$100,000/year, and compensation to employees with primary residence outside of the United States.

2. Forgiven amount cannot exceed loan principal and will be reduced proportionally by any reduction in employees or 25% reduction in payroll on June 30, 2020, compared to pre-February 15, 2020 levels.

3. Grants may be spent on paid leave, maintaining payroll, costs due to supply chain disruption, mortgage or lease payments, or repaying obligations.