

# SBA Options Comparison

## 7A CARES Paycheck Protection Program Loans ("PPP")

## Economic Injury Disaster Loans ("EIDL")

	7A CARES Paycheck Protection Program Loans ("PPP")	Economic Injury Disaster Loans ("EIDL")
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Any small business, non-profit org, veterans org, or tribal business concern with 500 or less employees.</li> <li>• Any sole proprietor, independent contractor of self-employed individual.</li> <li>• Any business with a NAICS Code starting with 72 (hotel and food services) and not more than 500 employees per physical location.</li> <li>• Franchises listed in SBA's Franchise Directory.</li> <li>• Businesses receiving financial assistance from a licensed Small Business Investment Company.</li> </ul>	Small businesses, agriculture coops, aquaculture orgs, most private non-profit orgs. Unable to obtain credit elsewhere. Ability to repay.
<b>Rate</b>	Legislation reads "Maximum of 4%" Recent guidance indicates 0.50%	3.75%; 2.75% for non-profits
<b>Term</b>	Legislation reads "Maximum of 10 years" for amounts not forgiven. Recent guidance indicates 2 years.	Up to 30 years
<b>Loan Amount</b>	Lesser of: a) \$10 million or b) 2.5 times the average monthly payroll for the previous 12 months (12 weeks for seasonal businesses or Jan-Feb 2020 for startups) + o/s balance of existing 7A loans made after 1/31/20. This equates to essentially 2.5 months of payroll.	Up to \$2 Million
<b>Allowable Uses</b>	<p>i) Payroll costs: Payroll costs of up to \$100,000 annually (prorated for the covered period) per employee or independent contractor (including health &amp; retirement benefits and state &amp; local payroll tax). Includes part-time employees. Must be U.S. resident. Cannot double count paid sick or family leave under the Families First Act.</p> <p>ii) Group healthcare benefits</p> <p>iii) Employee salaries, commissions, etc.</p> <p>iv) Mortgage interest only</p> <p>v) Lease payments</p> <p>vi) Utility payments</p> <p>vii) Interest on all other prior debt</p>	Working capital to pay fixed debts, payroll, A/P, other bills that could have been paid if the disaster had not occurred. Funds are not intended to replace lost income. Cannot refinance long-term debt.

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<b>Collateral</b>	None	Uncertain. Officially the terms say none for loans under \$25,000. Recent guidance says no collateral is necessary for any applications.
<b>Personal Guarantee</b>	None	No for loans under \$200,000. For loans over \$200,000 then any owner that owns 20% or more must guarantee.
<b>Fees</b>	None	None
<b>Prepayment Penalties</b>	None	None
<b>Lender</b>	Any bank authorized by the SBA to make 7A loans. Federal government provides a 100% guarantee of the loan.	U.S. Treasury
<b>Covered Period</b>	Feb 15 – June 30, 2020	Application period is through 12/31/2020
<b>Forgiveness</b>	The sum of all covered expenses during the 8 weeks after loan origination shall be forgiven and treated as cancelled indebtedness (May 5, 2020 is 8 weeks prior to the end of the program). Forgiveness amount is reduced if you decrease your full-time employee headcount, OR if you decrease salaries and wages by more than 25% for any employee earning less than \$100,000 in 2019, UNLESS employees laid off from Feb 15 – Apr 26 are rehired by June 30, 2020.	None
<b>Cash Advance</b>	None	\$10,000 within 3 days of application. This amount is not required to be repaid even if the applicant does not receive the loan.
<b>Deferral</b>	6 – 12 months P&I payments deferred. Interest accrues during the period.	TBD for new EIDLs; 6 months for existing disaster loans
<b>Duplication</b>	An applicant can still receive the PPP loan even if they already received an EIDL, as long as the two loans are not used for the same purpose.	
<b>Refinance</b>	An EID Loan made after January 31, 2020 may be refinanced as part of a PPP Loan	
<b>How to Apply</b>	Through your local lender	Apply via <a href="https://www.sba.gov">sba.gov</a>

**Please Note:** This information is based from various sources and represents what we believe to be correct at this time, but may not be relied on as fact. Actual terms may change according to the lender and new guidance may be issued from federal authorities.