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CARES Act – SBA Programs for Businesses

*****REVISED 4/3/20*****

Info is changing daily as we proceed through this situation

	<u>SBA Economic Injury Disaster Loan (EIDL)</u> [New Loan]	<u>Paycheck Protection Program (PPP)</u> [New Loan]	<u>Debt Relief</u> [For existing or currently funding loans]
Purpose	6 months of working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19)	Funding for 8 weeks of payroll costs, interest on mortgages, rent and utilities	Provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for 6 months
Eligibility*	<ul style="list-style-type: none"> • Businesses, Cooperatives, ESOPs, Tribal Business Concerns <500 employees; businesses meeting other small business size standards; sole proprietors, independent contractors; non-profit organizations • Acceptable credit history • See other eligibility criteria below 	<ul style="list-style-type: none"> • Businesses, Cooperatives, ESOPs, Tribal Business Concerns <500 employees; businesses meeting other small business size standards; sole proprietors, independent contractors; non-profit organizations • See other eligibility criteria below 	<ul style="list-style-type: none"> • Existing SBA 7(a), 504 and microloans as well as any new loans (non-disaster) funded by September 20, 2020 • See other eligibility criteria below
How to Apply	https://www.sba.gov/disaster-assistance/coronavirus-covid-19	Local bank or credit union	Payments will automatically be applied to your loans beginning with the April 1 payment; no application necessary
Size of loan	Loan amounts are based on Gross Margin for previous year (Total Revenues – Cost of Goods Sold) x 50%. (Max \$2 million)	Loans are based on two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. (Max \$10 million)	N/A

Use of funds	Fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact	Payroll costs, interest on mortgages, rent and utilities	Loan payments on SBA 7(a), 504 and microloans, including principal, interest, and fees, for 6 months
Collateral	Loans greater than \$25,000 require collateral; SBA will take real estate when available; will not decline loan for lack of collateral but must pledge what is available	None	No changes to existing loan collateral
Personal Guarantees	Waived on loans <\$200,000	None	No changes to existing loan guarantees
Cash Advance	Grant: \$10,000 within 3 days of application	N/A	N/A
Interest rate	3.75% (2.75% for nonprofits)	1.0%	N/A
Term	30 years	2 years	N/A
Payment deferrals	First payment deferred for 12 months	First payment deferred for 6 months	If these loans are currently in deferment, the 6 months of payment will begin following the deferment period
Fees / prepayment penalties	None	None	N/A
Forgivable?	Yes - Up to \$10,000 cash advance grant is forgivable; if used in conjunction with PPP, will be deducted from that forgivable portion so no duplication	Yes - 8 weeks of payroll costs, interest on mortgages, rent and utilities based on / subject to maintaining/rehiring staff to previous COVID levels	Yes - Debt relief payments will be forgiven, no future payment required. Will not create a taxable event.
Filing deadline	12/31/20	6/30/2020	N/A
How the programs can work together	Economic Injury Disaster Loan & Grant (EIDL) recipients and those who receive loan payment relief through the Small Business Debt Relief Program may apply for and take out a PPP loan as long as there is no duplication in the uses of funds. Refer to those sections for more information.		

*Other Eligibility Criteria – other eligibility and specific details within each loan are available through documentation provided by SBA for each program as well as through the application process. This is meant to be a basic overview to see and understand the differences between the programs.