



Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP)

Maximum Loan Amounts

EIDL: \$2 million

PPP: \$10 million

Grant / Forgiveness

EIDL: The Economic Injury Disaster Loan includes an emergency loan advance of up to \$10,000 to be made within three days of approval of application. This loan will be forgiven as long as funds are used for:

- providing paid sick leave to employees unable to work due to the direct effect of the COVID-19;
- maintaining payroll to retain employees during business disruptions or substantial slowdowns;
- meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains;
- making rent or mortgage payments; and
- repaying obligations that cannot be met due to revenue losses.

PPP: If you get one of these loans, you can request forgiveness of the principal portion of the loan for the eight week period after you get the loan that covers:

- Payroll costs
- Interest on a mortgage
- Rent
- Utilities

No more than 25% of the forgiven amounts may be for non-payroll costs. Your loan forgiveness will be reduced if you decrease your full-time employee headcount. It will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annually in 2019. You may also receive forgiveness for additional wages paid to tipped workers. There is a provision that allows you to rehire employees to qualify for forgiveness.

Interest Rate

EIDL: 3.75% or 2.75% for nonprofits.

PPP: 1% on any remaining balance after forgiveness

Repayment Period

EIDL: up to 30 years

PPP: 2 years for any balance not forgiven

Who Qualifies?

EIDL: To qualify, you must be

- a small business, cooperative, ESOP or tribal business with 500 or fewer employees;
- An individual who operates under as a sole proprietorship, with or without employees, or as an independent contractor; or
- A private non-profit or small agricultural cooperative;
- Your business must be directly affected by COVID-19

PPP: The following businesses may be eligible:

- Small businesses or non-profit 501(c)(3) organizations with 500 or fewer employees; small businesses,
- 501(c)(19) veteran's organizations or tribal concerns that meet the SBA size standards
- sole proprietors or independent contractors;

- Businesses in the food or hospitality industry (NAICS codes beginning in (72) may be eligible on a per location basis; normal affiliation rules are waived for franchises or businesses receiving financial assistance from an SBIC.

Must Be In Business By

EIDL: January 31, 2020

PPP: February 15, 2020

Where to Get These Loans

EIDL: SBA COVID-19 Disaster Assistance Portal

PPP: A number of lenders will make these loans. However, not all lenders will offer them to all borrowers. There may be geographic restrictions, for example, or some lenders may choose to make larger loans.

Personal Guarantee

EIDL: Only for loans above \$200,000

PPP: No.

Collateral Requirements

EIDL: Yes for loans over \$25,000

PPP: No

Funding Timeframe

EIDL: The legislation states the loan advance of up to \$10,000 is to be made within three days of approved application. The next disbursement of \$25,000 may take a few weeks due to record loan volume.

PPP: Lenders will begin to accept applications beginning April 3 for small businesses and sole proprietors and April 10, 2020 for independent contractors and self-employed

individuals. While everyone is trying to make this a fast process, it will depend on how quickly lenders can ramp up to process and fund the loans.

Payment Deferrals

EIDL: Payments are deferred for a year.

PPP: Payments are deferred for at least six months.

Allowable Use of Funds

EIDL: In addition to the use of funds for the advance listed above, EIDLs are working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion. Funds cannot be used to pay down long-term debt.

PPP: Loan proceeds may be used for:

- payroll costs;
- costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
- employee salaries, commissions, or similar compensations;
- payments of interest on any mortgage obligation (but not to pay principal or to prepay a mortgage)
- rent (including rent under a lease agreement);
- utilities;
- interest on any other debt obligations that were incurred before the covered period
- refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020

Credit Requirements

EIDL: A personal credit check is required for all owners with 20% or more ownership. A business credit report from Dun & Bradstreet is standard on Disaster Loans. However, if your application is turned down you can still keep the \$10,000 advance.

PPP: None is required