

## Comparison Chart for Small Business Administration (“SBA”) COVID-19 Loan Programs

The Paycheck Protection Program Loan (“PPPL”) is a low-interest loan for defined small businesses to pay defined payroll costs<sup>1</sup> for an eight-week time period immediately after the PPPL is originated, which can be forgiven under specified conditions. Please see our [alert](#) for more detail regarding the PPPL.

The Economic Injury Disaster Loan (“EIDL”) is a low-interest loan for working capital to defined small businesses suffering substantial economic injury due to COVID-19. Eligible borrowers can request a \$10,000 advance, which is payable three days after application and which does not have to be repaid if the EIDL is denied.

A business may apply for more than one loan program, but it may not use loan proceeds or the advance for the same purpose during the same time period.

The key features of the PPPL and EIDL are compared in the chart below.

### PPPL






### EIDL (Including Advance)


- Business with less than 500 employees.
- Business that otherwise meets the SBA size standard (NAICS code and annual revenue).
- 501(c)(3) with fewer than 500 employees.
- Business in the accommodation and food service sector (NAICS 72) with less than 500 employees on a per physical location basis.
- Franchise or receiving financial assistance from an approved Small Business Investment Company, the normal affiliation rules do not apply.
- Individual who operates as a sole proprietor.
- Individual who is self-employed.
- Individual who operates as an independent contractor.
- Tribal business that meets the SBA size standard.
- 501(c)(19) veterans’ organization that meets the SBA size standard.
- In operation on February 15, 2020.

### Eligible Borrower



- Business or private non-profit that meets the SBA size standard (NAICS code and annual revenue).
- Business with 500 or less employees.
- Sole proprietorship.
- Self-Employed.
- Independent contractor.
- Cooperative with 500 or less employees.
- ESOP with 500 or less employees.
- Tribal small business with 500 or less employees.
- In operation on January 31, 2020.
- Borrower must have suffered Substantial Economic Injury due to COVID-19 (unable to meet its financial obligations, pay ordinary and necessary operating expenses, or has a reduction in working capital).

<ul style="list-style-type: none"> <li>• Waived, in part.</li> <li>• The SBA's affiliation rules are waived for businesses in the hospitality and restaurant industries, franchises approved by the SBA, and small businesses that receive financing through a Small Business Investment Company.</li> </ul>	<p><b>Affiliation Rules</b></p> 	<ul style="list-style-type: none"> <li>• Applicable.</li> <li>• The SBA aggregates and reviews the applicant and all of its "affiliates" as one entity. The SBA considers ownership, ownership options and changes of legal structure, management, identity of interest and licensing agreements.</li> </ul>
<ul style="list-style-type: none"> <li>• February 15, 2020 to June 30, 2020.</li> <li>• June 30, 2020.</li> </ul>	<p><b>Covered Period &amp; Application Deadline</b></p>	<ul style="list-style-type: none"> <li>• January 31, 2020 to December 31, 2020.</li> <li>• December 31, 2020.</li> </ul>
<ul style="list-style-type: none"> <li>• SBA Approved Lender.</li> <li>• Applicants apply through third-party private lenders, which includes most national and local lenders.</li> </ul>	<p><b>Lender</b></p> 	<ul style="list-style-type: none"> <li>• SBA.</li> <li>• Applicants deal with the SBA directly.</li> </ul>
<ul style="list-style-type: none"> <li>• 2.5 times average monthly payroll costs for 2019 (capped at \$100,000 per employee), up to a maximum of \$10 Million.</li> </ul>	<p><b>Maximum Loan Amount</b></p>	<ul style="list-style-type: none"> <li>• \$2 Million, including \$10,000 Advance.</li> </ul>
<ul style="list-style-type: none"> <li>• Up to 4% of non-forgiven portion.</li> <li>• Currently set at 1%.</li> </ul>	<p><b>Interest Rate</b></p>	<ul style="list-style-type: none"> <li>• 3.75%.</li> <li>• 2.75% for non-profit.</li> </ul>
<ul style="list-style-type: none"> <li>• 2 years (on unforgiven portion).</li> <li>• Payments will be deferred for a minimum of six and up to 12 months.</li> <li>• Interest will accrue during this deferment time.</li> </ul>	<p><b>Term</b></p> 	<ul style="list-style-type: none"> <li>• Up to 30 years.</li> <li>• First 12 payments are deferred and not due until one year after the original disbursement.</li> <li>• Interest accrues during this deferment time.</li> </ul>
<ul style="list-style-type: none"> <li>• No - Waived</li> </ul>	<p><b>Collateral</b></p>	<ul style="list-style-type: none"> <li>• No collateral for loan amounts of \$25,000 or less.</li> <li>• Yes, for loan over \$25,000.</li> </ul>
<ul style="list-style-type: none"> <li>• No - Waived</li> </ul>	<p><b>Personal Guarantee</b></p>	<ul style="list-style-type: none"> <li>• No personal guarantee for loan amounts of \$200,000 or less.</li> <li>• Yes, for loan over \$200,000.</li> </ul>
<ul style="list-style-type: none"> <li>• Waived.</li> <li>• SBA's standard "no credit elsewhere" test is waived.</li> </ul>	<p><b>No Other Credit</b></p> 	<ul style="list-style-type: none"> <li>• Waived.</li> </ul>
<ul style="list-style-type: none"> <li>• Payroll Costs.</li> <li>• Interest on mortgage payments (principal or prepayment excluded).</li> <li>• Rent (Lease existing before February 15, 2020).</li> <li>• Utilities.</li> <li>• Interest on any debt (incurred before February 15, 2020).</li> </ul>	<p><b>Allowable Use of Proceeds</b></p> 	<ul style="list-style-type: none"> <li>• Payroll.</li> <li>• Fixed Debt - Rent / Mortgage.</li> <li>• Utilities.</li> <li>• Interest on debt incurred.</li> <li>• Accounts payable, operating expenses and some bills that could have been paid if the COVID-19 disaster had not occurred.</li> </ul>

<ul style="list-style-type: none"> <li>• No</li> </ul>	<p align="center"><b>Pre-Payment Penalty</b></p>	<ul style="list-style-type: none"> <li>• No</li> </ul>
<ul style="list-style-type: none"> <li>• Yes, forgivable up to 100%, in an amount equal to the sum of the qualified costs incurred and payments made during the covered period (8 weeks following loan closing).</li> <li>• Not more than 25% of the loan forgiveness amount may be attributable to non-payroll costs.</li> <li>• Forgiveness may be reduced by a reduction in retained employees (layoffs) or reduction in pay of retained employees (reductions in excess of 25%).</li> <li>• Loan forgiveness is not treated as taxable income.</li> </ul>	<p align="center"><b>Forgivable / Advance Eligibility</b></p> 	<ul style="list-style-type: none"> <li>• No, EIDL not forgivable.</li> <li>• Yes, \$10,000 advance available.</li> <li>• \$10,000 advance does not have to be repaid, even if the EIDL is denied.</li> </ul>

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<sup>1</sup> Payroll Costs include: employee compensation; payments for vacation, parental, family, medical or sick leave; severance payments; group health care benefits and insurance premiums; retirement benefits; and state and local employment taxes. Commissions are included for self-employed and independent contractors. Payroll Costs do not include compensation to employees in excess of \$100,000.

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