



DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

**Coronavirus Aid, Relief,
 and Economic Security
 (CARES) Act**

Small Business Administration Disaster Loan Assistance Programs

The SBA has expanded its funding programs for economic injury disaster loans, including the new Paycheck Protection Program (PPP) and the revised Economic Injury Disaster Loans & Loan Advance (EIDL). You cannot borrow from both programs, except in the case you already had an EIDL loan in place prior and its proceeds were not used for the same reason as the PPP.

Below is a brief summary of the programs. Additional conditions and amendments may apply. Visit SBA’s programs page [HERE](#) for more information.

	Paycheck Protection Program (PPP)	Economic Injury Disaster Loans & Loan Advance (EIDL)
Which loan is right for my business?	Intended to allow for some loan forgiveness for retention of staff and payroll.	Intended for working capital that provides necessary operating funds to enable eligible businesses to overcome the financial impact of a declared disaster (includes fixed debts, payroll, accounts payable).
What can I use it for?	Payroll costs, including vacation and retirement benefits, salaries and tips, and severance payments (excludes independent contractors and employees who are paid more than \$100,000 per year); group healthcare benefit costs and related insurance premiums; mortgage interest, rent payments, utilities; and interest on debt owed prior to 02/15/2020	Fixed debts and operating expenses, including, payroll, accounts payable and other bills that can’t be paid because of the disaster’s impact. The loan is not intended to replace lost sales, lost profit, for expansion, purchase long-term assets, or refinance long-term debts.
Who is eligible?	Businesses and qualifying nonprofit organizations with 500 or fewer employees, and an individual who operates under a sole proprietorship or independent contractor or eligible self-employed individual. There are some additional rules for entities under collective ownership. You must have been in operation on 02/15/2020.	Small businesses, small agricultural cooperatives, small aquaculture businesses, and most private non-profit organizations

Do I have to pay it all back?	If all employees are kept on payroll for eight weeks from the time of the loan origination, SBA will forgive the portion of the loans used for payroll, rent, mortgage interest, or utilities. Up to 100 percent of the loan is forgivable, however at least 75% of the forgiven amount must have been used for payroll. <i>NOTE – the amount of loan forgiveness will also be reduced by any grant received under the EIDL.</i>	EIDL provides the opportunity for an immediate advance (grant) of \$10,000. This does not have to be paid back if it's used for payroll, sick leave, rent or mortgage payments, or other fixed debts (even if you are denied for the EIDL loan). <i>NOTE - the grant amount would reduce any loan forgiveness under the PPP.</i>
How much can I borrow?	The lesser of \$10 million – OR – 2.5 times the average monthly payroll costs of the business over the year prior to the making of the loan (and excluding the prorated portion of any annual compensation above \$100,000 for any person)	Up to \$2 million
Loan Rates	Fixed interest rate of 1.00%	Small interest rate of 3.75% Non-profit interest rate of 2.75%
Loan Terms	Term is 2 years	Maximum of 30 years
Collateral Required?	No	Yes, for loans over \$25,000
Other Terms & Info	No personal guarantees Can still seek other credit elsewhere No annual fees. No prepayment penalties. Interest and principal payments are deferred for 6 months (interest will still accrue from the time of loan) Cannot claim the Employee Retention Credit or the Delayed Employer Payroll Tax provisions of the CARES Act under the PPP.	Personal guarantees required for loans over \$200,000 Can still seek other credit elsewhere The SBA can approve EIDL loans based solely on an applicant's credit score
Loan coverage period	From 02/15/2020 through 06/30/2020 Must apply by 06/30/2020	From 01/31/2020 through 12/31/2020 Must apply by 12/21/2020 (<i>for Colorado, other states may be different</i>)
Where to apply	SBA 7(a) approved banks and other approved lenders. (Most banks are approved lenders – contact your current banking relationship first.)	Direct through the SBA. Access the application HERE .

SBA is also providing assistance for those who already have an SBA loan and business relationship with an SBA Express Lender. You should contact your SBA lender for more information on these programs.

- **Enhanced Debt Relief assistance.** If you already had an SBA loan in place prior to the Coronavirus pandemic, SBA is providing Enhanced Debt Relief assistance. The SBA will pay the principal and interest of current 7(a) loans for a period of six months.
- **SBA Express Bridge Loan.** This program is for those who currently have a business relationship with an SBA Express Lender and need up to \$25,000 with less paperwork, or are waiting on EIDL loan approval.