



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. Talk with your SBA lender and accountant for guidance and if an SBA loan and its terms are beneficial to your business. Visit SBA’s programs page [HERE](#) for more information.

This resource reflects the Paycheck Protection Flexibility Act (PPFPA) of 2020 changes, which was signed into law on June 5, 2020 (enactment date).

	Paycheck Protection Program (PPP) & PPFPA of 2020	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.	Businesses, qualifying nonprofit organizations, and agricultural* businesses/cooperatives with 500 or fewer employees (*includes those engaged in the production of food and fiber, ranching/ raising of livestock, aquaculture, and all other farming and ag-related industries (defined by section 18(b) of the Small Business Act (15 U.S.C. 647(b))

<p>Do I have to pay it all back?</p>	<p>Up to 100% of the loan is forgivable if borrowers use the proceeds for “qualifying purposes” and at least 60% of the covered loan amount is used for payroll costs (retroactive to PPPFA). Partial forgiveness is still available if a borrower uses less than 60% for payroll costs during the forgiveness covered period.</p> <p>Borrowers now have 24 weeks from time of loan disbursement or till 12/31/2020 to use the proceeds - whichever comes first. Loans prior to the PPPFA, can still elect to use the 8-week period.</p> <p>Forgiveness amount may also be reduced if businesses do not restore employees to pre-pandemic numbers before 12/31/2020. However, PPPFA provides forgiveness relief for those who are unable to restore their workforce in the case of inability to rehire individuals, hire replacement individuals, or ability to restore business activity due to government or regulatory compliance. Must provide documentation for the forgiveness relief.</p> <p>Funds not used must be returned.</p> <p><i>NOTE – the amount of loan forgiveness will also be reduced by any grant received under the EIDL.</i></p>	<p>EIDL is not forgivable with exception to an immediate advance (grant) of \$1,000 per employee (up to \$10,000) that 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).</p> <p><i>NOTE - the grant amount would reduce any loan forgiveness under the PPP.</i></p>
<p>How much can I borrow?</p>	<p>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</p>	<p>Up to \$150,000</p>
<p>Loan Rates</p>	<p>Fixed interest rate of 1.00%</p>	<p>Small interest rate of 3.75% Non-profit interest rate of 2.75%</p>
<p>Loan Terms</p>	<p>Maturity of 5 years. Prior 2-year maturity loans can be modified for longer-term.</p>	<p>Maximum of 30 years</p>
<p>Collateral Required?</p>	<p>No</p>	<p>Yes, for loans over \$25,000</p>

<p>Other Terms & Info</p>	<p>No personal guarantees</p> <p>Can still seek other credit elsewhere</p> <p>No annual fees. No prepayment penalties.</p> <p>Interest and principal payments are deferred until the date that SBA remits the forgiven amount to the lender (interest will still accrue from the time of loan). Must apply for forgiveness within 10 months after the last day of the 24-week period, or payments may be required at that time.</p> <p>Cannot claim the Employee Retention Credit under the CARES Act if receive loan forgiveness.</p> <p>May continue to defer 6.2% OASDI tax for wages from 03/27/2020 and before 01/01/2021, even if receive PPP loan forgiveness.</p> <p>Application deadline is 08/08/2020.</p>	<p>Personal guarantees may be required</p> <p>Can still seek other credit elsewhere</p> <p>The SBA can approve EIDL loans based solely on an applicant's credit score</p> <p>Loan is applicable from 01/31/2020 through 12/31/2020. Must apply by 12/21/2020 (<i>for Colorado, other states may be different</i>)</p>
<p>Where to apply</p>	<p>SBA 7(a) approved banks and other approved lenders. Check with your current banking relationship.</p>	<p>Direct through the SBA. Access the application HERE.</p>

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.