



ECONOMIC INJURY DISASTER LOAN AND PAYCHECK PROTECTION PROGRAM OVERVIEW

PROGRAM

DESCRIPTION

Economic Injury Disaster Loan (EIDL)

EIDL program provides small businesses with working capital loans of up to \$2 million. This loan provides an emergency advance of up to \$10,000 within three days of applying. To access the advance, you first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstance.

Paycheck Protection Program (PPP)

The Paycheck Protection Program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

LENDER

Economic Injury Disaster Loan (EIDL)

Small Business Administration (SBA)

Paycheck Protection Program (PPP)

Financial institutions that are approved to provide SBA 7a loans.
Please check with your local bank.

PROGRAM PERIOD

Economic Injury Disaster Loan (EIDL)

January 31, 2020 – December 31, 2020

Paycheck Protection Program (PPP)

February 15, 2020 – June 30, 2020

Loan covers 8-weeks of eligible expenses within February 15, 2020 – June 30, 2020

ELIGIBILITY

Economic Injury Disaster Loan (EIDL)

- Businesses and nonprofits (currently 501(c)(3), (c)(4), (c)(5), and (c)(6)) with 500 or fewer employees
- Sole proprietor, independent contractor, or self-employed individual

AND

- Been in business since January 31, 2020.

Paycheck Protection Program (PPP)

- Businesses, nonprofits (currently 501(c)(3) and 501(c)(19)) and Tribal Business Concerns 31(b)(2)(c) with 500 or fewer employees (The 500-employee threshold includes all employees: full-time, part-time, and any other status)
- Sole proprietor, independent contractor, or self-employed individual
- Small business that meets the SBA small business industry-specific standards
- Operate an accommodation or food service business (NAICS Code 72) with 500 or fewer employees per location
- Business assigned a franchise operator code by SBA
- Business that receives assistance under the Small Business Investment Act

AND

- Been in business since February 15, 2020 and paid taxes on your employees or independent contractors

PROGRAM

AMOUNT

Economic Injury Disaster Loan (EIDL)

The maximum loan size is \$2 million.

Applicants who apply for this loan may request an advance Emergency EIDL grant of up to \$10,000 from the SBA.

Paycheck Protection Program (PPP)

Loans can be up to 2.5 x the borrower's average monthly payroll costs, not to exceed \$10 million.

How to Calculate:

1. Aggregate payroll costs (defined in detail below) from the last twelve months for employees whose principal place of residence is the United States.
2. Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.
3. Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
4. Multiply the average monthly payroll costs from Step 3 by 2.5.
5. Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid).

Seasonal business may use the period February 15, 2019 – June 30, 2019 or March 1, 2019 – June 30, 2019 to calculate the average payroll.

"Payroll" includes:

- Compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation
- Cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for separation or dismissal
- Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement
- Payment of state and local taxes assessed on compensation of employees
- For an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

"Payroll" for businesses excludes:

- Annual salary in excess of \$100,000
- Foreign employees
- FICA and income tax withholdings
- Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act

ELIGIBLE EXPENSES

Economic Injury Disaster Loan (EIDL)

- Payroll costs
- Accounts payable
- Fixed debts (mortgage, rent, lease)
- Other bills

Paycheck Protection Program (PPP)

- Payroll costs, including benefits
- Interest on mortgage obligations, incurred before February 15, 2020
- Rent, under lease agreements in force before February 15, 2020
- Utilities, for which service began before February 15, 2020

PROGRAM

ELIGIBLE EXPENSES

Paycheck Protection Program (PPP) continued

NOTE: Refer to "Payroll" definitions in the "Amount" section.

- Payroll costs (as defined in the "Amount" section)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Mortgage interest payments (but not mortgage prepayments or principal payments)
- Rent payments
- Utility payments
- Interest payments on any other debt obligations that were incurred before February 15, 2020
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020. If you received an SBA EIDL loan from January 31, 2020 16 through April 3, 2020, you can apply for a PPP loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.

RESTRICTIONS

Economic Injury Disaster Loan (EIDL)

Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.

Paycheck Protection Program (PPP)

You are ineligible for a PPP loan if:

- You are engaged in any activity that is illegal under federal, state, or local law
- You are a household employer (individuals who employ household employees such as nannies or housekeepers)
- An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years
- You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government

You may only apply for one PPP Loan.

Your loan forgiveness will be reduced if you decrease the number of your full time and/or decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.

Re-Hiring: You have until June 30, 2020 to restore your full time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll.

LOAN TERM DURATION

Economic Injury Disaster Loan (EIDL)

Up to 30 years

Paycheck Protection Program (PPP)

Up to 2 years

INTEREST RATE

Economic Injury Disaster Loan (EIDL)

3.75% for Businesses 2.75% for Nonprofits

Paycheck Protection Program (PPP)

1% for Businesses and Nonprofits

PROGRAM

FORGIVENESS Economic Injury Disaster Loan (EIDL)

Emergency EIDL grant of up to \$10,000 can be forgiven, the remainder must be repaid.

Grant must be used for the following expenses:

- 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, Repaying obligations that cannot be met due to revenue losses

Paycheck Protection Program (PPP)

The loan amount will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee.

Your loan forgiveness will be reduced if you decrease the number of your full time and/ or decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.

Re-Hiring: You have until June 30, 2020 to restore your full time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll.

REPAYMENT Economic Injury Disaster Loan (EIDL)

Emergency EIDL grant of up to \$10,000 can be forgiven, the remainder must be repaid.

Paycheck Protection Program (PPP)

You will not have to make any payments for six months following the date of disbursement of the loan. However, interest will continue to accrue on PPP loans during this six-month deferment.

COLLATERAL Economic Injury Disaster Loan (EIDL)

None

Paycheck Protection Program (PPP)

None

PERSONAL GUARANTEE Economic Injury Disaster Loan (EIDL)

None for loan less than \$200,000

Paycheck Protection Program (PPP)

None

PREPAYMENT PENALTIES Economic Injury Disaster Loan (EIDL)

None

Paycheck Protection Program (PPP)

None

PROGRAM

REQUIRED DOCUMENTS

Economic Injury Disaster Loan (EIDL)

The SBA has created a brief application as the first step toward loan approval. If approved, SBA will contact the applicant to request more information. We recommend you complete these forms in advance to be prepared.

- SBA Form 5 (5C for sole proprietors)
- SBA form P-019 (Revenue and COGS for 12 months)

Paycheck Protection Program (PPP)

Payroll documentation

AVAILABILITY

Economic Injury Disaster Loan (EIDL)

Available now

Paycheck Protection Program (PPP)

April 3, 2020, small businesses and sole proprietorships

April 10, 2020, independent contractors and self-employed individuals

APPLICATION LINK

Economic Injury Disaster Loan (EIDL)

<https://covid19relief.sba.gov/#/>

Paycheck Protection Program (PPP)

<https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>