

	Paycheck Protection Loan – 7(a)	EIDL Loans – 7(b)
Who is eligible?	<ul style="list-style-type: none"> • Small business concerns and nonprofits with 500 employees or fewer • Sole proprietors, independent contractors, and other self-employed individuals 	
Additional eligibility requirements?	None	<ul style="list-style-type: none"> • The applicant’s business concern must be located in a declared disaster area. • The applicant’s business concern must have suffered substantial economic injury as a direct result of a declared disaster such as COVID-19. • The applicant must not own property subject to a judgment lien owed by the US government.
How much can an applicant receive?	<p>The lesser of:</p> <ul style="list-style-type: none"> • 2.5 times the business concern’s average total monthly payments for payroll costs (increased by the outstanding amount of an EIDL to be refinanced under the covered loan) • \$10 million 	\$2 million (limited to the economic injury as determined by the SBA, and reduced by business interruption insurance or other recoveries)
Advance payment of loan proceeds?	None	The applicant can also request an advance of not more than \$10,000, which the SBA should provide within three days of receiving the applicant’s application. The advance does not need to be repaid under any circumstances.
Collateral or personal guarantee requirements?	No, collateral is not required for the covered loan and personal guarantees are not required for any covered loan.	The CARES Act waives any existing rules related to the personal guarantee on advances and loans of not more than \$200,000 during the covered period of January 31, 2020 and ending December 31, 2020. The CARES Act does not expressly mention collateral requirements. The existing collateral requirements for EIDLs — which provide that collateral is generally required for loans of more than \$25,000 — appear to apply.
Credit requirements?	No, under the CARES Act, the typical requirement that a small business concern show that it is unable to obtain credit elsewhere does not apply to a 7(a) covered loan or EIDL.	

<p>Restrictions on loan use?</p>	<p>A recipient can only use 7(a) loans to cover:</p> <ul style="list-style-type: none"> • Payroll costs • Costs related to the continuation of group healthcare benefits during periods of paid, sick, medical, or family leave, and related to insurance premiums • Employee salaries, commissions, or similar compensations • Mortgage payments • Rent • Utilities • Interest on any other debt obligations that were incurred before February 15, 2020 	<p>EIDL proceeds are normally limited to cover certain costs, including:</p> <ul style="list-style-type: none"> • Working capital necessary to carry the business concern until resumption of normal operations • Expenditures necessary to alleviate the specific economic injury <p>The CARES Act expands the allowable uses of EIDLs to include:</p> <ul style="list-style-type: none"> • Maintaining payroll to retain employees • Providing paid sick leave to employees unable to work due to the direct effect of COVID-19 • Meeting increased costs to obtain materials • Making rent or mortgage payments • Repaying obligations that cannot be met due to revenue losses
<p>Loan forgiveness?</p>	<p>A 7(a) loan shall be eligible for forgiveness up to the amount spent by the borrower during an eight-week period after the origination date of the loan on:</p> <ul style="list-style-type: none"> • Payroll costs (excludes employee/owner compensation in excess of \$100,000) • Interest payment on any mortgage incurred prior to February 15, 2020 • Payment of rent on any lease in force prior to February 15, 2020 • Payment on any utility for which services began before February 15, 2020 <p>The amount of the loan eligible for forgiveness will be reduced proportionally by the number of employees laid off during the eight-week period beginning on the date of the origination of the covered loan relative to the borrower's prior employment levels. The reduction would also apply if employees' salaries are reduced by more than 25%.</p>	<p>Under the CARES Act, an applicant is not required to repay any amounts of an advance grant (up to \$10,000) provided under the Act even if the applicant is subsequently denied the EIDL loan. If an applicant receives an advance under the CARES Act but is approved for a 7(a) loan instead, the advance amount is reduced from the amount of the loan eligible for forgiveness under the 7(a) program.</p> <p>EIDLs are not eligible for loan forgiveness aside from the \$10,000 grant discussed above.</p>

Fees and interest rates related to loans?	From February 15, 2020 through June 30, 2020 with respect to covered loans, the SBA will not collect any fees otherwise applicable. This includes no prepayment fees. Interest rates cannot exceed 4%	3.75% for small business concerns and 2.75% for nonprofits.
Is there a loan deferment?	Yes, the CARES Act allows complete deferment of 7(a) loan payments for more than six months to not more than one year. This includes payment of principal, interest, and fees	The CARES Act does not address deferment for EIDLs
Is the loan guaranteed?	Yes, under the CARES Act, the government is guaranteeing the 7(a) loans 100% through December 31, 2020. After this date, the guarantee percentages will return to 75% for loans exceeding \$150,000 and 85% for loans equal to or less than \$150,000.	The CARES Act does not contain any express provisions regarding the guarantee of EIDLs.
What factors are considered in the loan application?	Lenders shall consider the following: <ul style="list-style-type: none"> • Whether the small business concern was in operation as of February, 2020 • Whether it had employees for whom it paid salaries and payroll taxes or paid independent contractors as reported on Form 1099-MISC 	The SBA may approve the applicant based solely on the applicant's credit score and not require a tax return or tax return transcript or use alternative appropriate methods to determine the applicant's ability to repay the loan.
How can I apply?	Applicants can apply through approved third-party lenders. While the CARES Act authorizes the SBA to bring on additional lenders, it is unclear how long this may take.	Applicants apply directly to the SBA

Other important considerations:

- An applicant cannot obtain both a 7(a) SBA loan and an SBA EIDL loan for the same purpose. A borrower who has received an EIDL between January 31, 2020 and the date on which the covered 7(a) loans are made available can still receive a 7(a) loan, but only if the EIDL was used for another purpose.
- If you wish to participate in both programs, it is important to apply for the EIDL loan prior to Paycheck Protection Loan.