



PALM BEACH TAX GROUP
Tax Advisors & Financial Planning

Established 1970

SBA Loan Comparison

Name	<u>Economic Injury Disaster Loan (EIDL) SBA 7(b) Loan</u>	<u>Paycheck Protection Program (PPP) SBA 7(a) Loan (Link With Instructions To Apply)</u>
Maximum Loan Amount	\$2 Million	The Lesser of \$10 Million OR 2.5 months of average prior year monthly payroll, mortgage, rent, and debt PLUS the outstanding amount of a loan made under the SBA's Disaster Loan Program between January 31, 2020 and the date on which such loan may be refinanced as part of this new program
Interest Rate	3.75% for businesses 2.75% for non-profits	1% for businesses 1% for non-profits
Loan Term	Up to 30 Years	Up to 2 Years
Deferment	Up to One Year	Up to 6 months
Covered Period	1/31/2020 - 12/31/2020	2/15/2020 - 6/30/2020
Grant Component	Yes Up to \$10,000 Advance Don't have to pay back if you don't get the loan Available 3 days after applying Can apply based on credit score only Self-certification by applicant under penalty of perjury	No
Loan Forgiveness	No	Possible for first 8 weeks of loan Forgiveness amount equal to payroll costs, interest on mortgages, rent, and utility payments Forgiveness amount is reduced for employee cuts or reduction in wages Max per employee compensation is \$100,000 (prorated for the timeframe) Forgiven debt is excluded from gross income (i.e. is tax free)

		Forgiveness amount to be paid to loan holder by Administrator within 90 days after forgiveness amount is determined
Eligibility	<p>Must have been in a declared disaster loan (all states are as of 3/28/2020 - not all counties are)</p> <p>Small business (500 or fewer employees)</p> <p>Can be Sole Proprietor or Independent Contractor, LLCs, Partnerships, C Corporations, S Corporations</p> <p>Businesses without employees or independent contractors are eligible</p> <p>Private non-profit</p>	<p>Must have been in business on 3/1/2020</p> <p>Paid employees' salaries and payroll taxes, or paid independent contractors</p> <p>Must have been substantially impacted by COVID-19</p> <p>Can be Sole Proprietor or Independent Contractor, LLCs, Partnerships, C Corporations, S Corporations</p> <p>Businesses without employees or independent contractors are eligible</p> <p>501(c)(3) Non-profits</p>
Eligible Use of Proceeds	<p>May be used to pay for used for fixed (existing) debts, accounts payable, payroll, medical leave, sick leave, salaries, health benefits, mortgage payments, rent, utilities, insurance, and existing debt that cannot be paid because of the impact of COVID-19</p> <p>Cannot be used refinancing, expansion, or growth</p>	<p>May be used to pay for used for fixed (existing) debts, accounts payable, payroll, medical leave, sick leave, salaries, health benefits, mortgage payments, rent, utilities, insurance, and existing debt that cannot be paid because of the impact of COVID-19</p> <p>Cannot be used refinancing, expansion, or growth</p>
Collateral Required	<p>Business assets and potential personal assets from more than 20% owners.</p> <p>No real estate collateral will be required.</p> <p>Loan will not be denied just because there is no collateral.</p>	None
Personal Guarantee	<p>For \$200,000 or less loan - none</p> <p>For greater than \$200,000, all 20% owners must provide personal guarantees</p>	<p>None</p> <p>Nonrecourse Loan</p>
Prepayment Penalty	None	None
Guarantee Fees	None	None
Other Credit Sources	Eligible even if credit is available elsewhere	Eligible even if credit is available elsewhere
Refinancing	May apply for additional funds 7(b) funds initial loan amount turns out to be insufficient	SBA loans made after 1/31/2020 and before this PPP loan date can be refinanced as part of the covered loan.
Impact on Other Loans and Programs	An applicant may receive an EIDL Loan and loans under other programs (such as the Paycheck Protection Program described below) as long as the basis for the loans/costs being paid with each are different (no "double-dipping").	<p>A loan under the Paycheck Protection Program makes the borrower ineligible for the Employee Retention Tax Credit made available under the CARES Act.</p> <p>This only applies to the Employee Retention Tax Credit in the CARES Act and does not apply to any credits available under the FFCRA (such as the paid sick leave tax credit) or other credits available under the CARES Act.</p>

Approval Timeframe	3 Days for Advance Grant 3+ Weeks for First Loan Disbursement	Expected to be several days once available Details on applying not yet available
Where to Apply	SBA.gov	Approved SBA Lender (Banks and Credit Unions)
Funding Source	Directly from SBA	Banks will originate SBA will 100% Guarantee

[H.R.748 - CARES Act](#)