

COMPARISON OF CARES ACT PPP LOANS VS SBA EIDL LOANS as of 3/30/2020

	CARES LOANS	EIDL LOANS (as adjusted by CARES Sec 1110)
<p>Who provides the loan?</p>	<ul style="list-style-type: none"> • SBA delegated the authority to lenders to provide CARES LOANS. In addition to existing SBA lenders, Treasury and the SBA may designate additional lenders that have the necessary qualification to process, close, disburse and service loans made with the guarantee of the SBA. Lenders may approve loans with delegated SBA authority. SBICs and BDCs may qualify as additional lenders. • Applicants work directly with their existing financial institution and other lenders to apply 	<ul style="list-style-type: none"> • SBA’s Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury. Applicants do not go through a bank to apply.
<p>What businesses qualify?</p>	<ul style="list-style-type: none"> • Small business concerns; any business concern, non-profit organization, veteran’s organization, or Tribal business if they employ not more than the greater of 500 employees or the applicable size standard in number established by the SBA; sole proprietors/independent contractors/self-employed. • Were in operation on February 15, 2020 and had employees that they paid salaries and payroll taxes, or paid independent contractors 	<ul style="list-style-type: none"> • Small businesses as defined by the SBA at https://www.sba.gov/document/support--table-size-standards • Available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations (tax exempt organizations under Section 501(c),(d), or (e)) • The definition is expanded for the period beginning on January 31, 2020 and ending December 31, 2020 to include <ul style="list-style-type: none"> ○ A business not more than 500 employees ○ An individual who operates as a sole proprietorship (with or without employees) or an independent contractor ○ A cooperative with not more than 500 employees ○ An ESOP with not more than 500 employees or ○ Tribal small business concern with not more than 500 employees • Must have a physical presence in the declared disaster area (All of NYS is a declared disaster area). A listing of currently declared disaster areas is available at https://disasterloan.sba.gov/ela/Declarations/Index

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What businesses are ineligible?	<ul style="list-style-type: none"> Not available to businesses who employ the greater of 1) more than 500 employees, or 2) the applicable SBA size standard; or weren't in operation on 2/15/2020 and paying employees or independent contractors. 	<ul style="list-style-type: none"> Applicant who has majority owner who is greater than 60 days delinquent on child support Certain agricultural enterprises State, local, or municipal governments Derives more than 1/3 of their gross revenue from gambling Lobbyists
Do aggregations rules exist when determining employees?	<ul style="list-style-type: none"> Yes, the rules under 13 CFR § 121.103 apply. Extremely broad and far reaching. Exceptions from required aggregation for: <ul style="list-style-type: none"> Accommodation and Food Services SBA approved Franchises Small businesses that receive financing through the Small Business Investment Company 	<ul style="list-style-type: none"> Yes, the rules under 13 CFR § 121.103 apply. Extremely broad and far reaching.
Collateral and Personal Guarantee	<ul style="list-style-type: none"> Between February 15, 2020 and ending on June 30, 2020, no personal guarantee is required for the covered loan and no collateral is required for the covered loan. 	<ul style="list-style-type: none"> For the period beginning on January 31, 2020 and ending December 31, 2020, removed the requirement that the applicant must be able to obtain credit elsewhere For the period beginning on January 31, 2020 and ending December 31, 2020, personal guarantee only required on loans in excess than \$200,000 SBA takes real estate as collateral when it is available SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available
Maximum Amount of Loan	<p>Lesser of:</p> <ul style="list-style-type: none"> the average total monthly payments for payroll costs incurred during the 1-year period before the date on which the loan is made multiplied by 2.5 plus SBA outstanding loan amounts that were made beginning on January 31, 2020 and ending on the CARE loan is received eligible to be refinanced OR \$10,000,000 	<ul style="list-style-type: none"> May qualify for loans up to \$2 million Eligibility for these working capital loans are based on the size and type of business and its financial resources

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Advancement	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • During the period beginning on January 31, 2020 and ending December 31, 2020, a loan received by an eligible entity due to COVID may request an advance of not more than \$10,000 after the administrator receives the application • Before disbursing the amount, the Administrator shall verify that the applicant is an eligible entity by accepting a self-certification from the applicant under penalty of perjury pursuant to section 1746 of title 28 of United States Code • An applicant is not required to repay any amounts of an advance provided, even if subsequently denied a loan
Interest Rate/Principal Repayment	<ul style="list-style-type: none"> • Loans shall bear interest at a rate not to exceed 4% with a term up to 10 years for any portion of the loan that is not forgiven • Updated 3/31 to .5% fixed for 2 years 	<ul style="list-style-type: none"> • 3.75 % for small businesses and 2.75% for nonprofit organizations with terms up to 30 years
Is there any deferment relief?	<ul style="list-style-type: none"> • Complete deferment relief for the payment of principal, interest, and fees for a period of not less than 6 months and not more than 1 year. 	<ul style="list-style-type: none"> • SBA can defer principal payments for up to 1 year
What can I use the loan funds for?	<ul style="list-style-type: none"> • Payroll costs; • costs related to the continuation of group health care benefits during periods; of paid sick, medical, or family leave, and insurance premiums; • employee salaries, commission, or similar compensations; • payments of interest on any mortgage obligation; • rent (including rent under a lease agreement); • utilities; and • interest on any other debt obligation that were incurred before the period 	<ul style="list-style-type: none"> • Pay fixed debts, payroll, rent, accounts payable, and other bills that could have been paid had the disaster not occurred. • The loans are not intended to replace lost sales or profits or for expansion.

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Will the loan be forgiven?	<ul style="list-style-type: none"> Eligible for forgiveness of debt related to the CARE loan in an amount paid for the following costs incurred and payments made during the 8-week period beginning on the date of the origination of a covered loan: <ul style="list-style-type: none"> payroll costs payment of interest mortgage on real or personal property and was incurred before 2/15/2020 payment of a rent obligation made under a leasing agreement in force before 2/15/2020 utility payment related to the distribution of electricity, gas, water, transportation, telephone or interest access for which service began before 2/15/2020 	<ul style="list-style-type: none"> \$10,000 advancement does not need to be repaid. No other debt forgiveness.
Are there limitations made on the loan forgiveness?	<ul style="list-style-type: none"> The amount of loan forgiveness may be reduced if the full time equivalent employee amount between the first 8 weeks after the loan origination is less than the FTEE during either the period between February 15, 2019 and ending on June 30, 2019 OR January 1, 2020 and ending on February 29, 2020. This requirement is ignored if no later than June 30, 2020 the employer has eliminated the employee reduction that occurred in the period between February 15, 2020 and April 26, 2020. There also may be a reduction in loan forgiveness if employees' salaries or wages are reduced by greater than 25% for employees who make less than \$100,000 annually 	<ul style="list-style-type: none"> Not Applicable
How do you apply?	<ul style="list-style-type: none"> Work with your desired financial institution 	<ul style="list-style-type: none"> Applicants may apply online using the following website: https://covid19relief.sba.gov/#.
Documentation required?	<ul style="list-style-type: none"> An eligible self-employed individual, independent contractor, or sole proprietorship seeking a covered loan shall submit such documentation as is necessary to establish such individual as eligible, including payroll tax filings reported to the Internal Revenue Service, Forms 1099-MISC, and income and expenses from the sole proprietorship, as determined by the Administrator and the Secretary. 	<ul style="list-style-type: none"> During the period beginning on January 31, 2020 and ending December 31, 2020 with respect to a loan in response to COVID, the SBA may <ul style="list-style-type: none"> approve an applicant based solely on the credit score of the applicant and shall not require an applicant to submit a tax return or a tax return transcript for such approval; use alternative appropriate methods to determine an applicant's ability to repay The only financial information needed for the on-line application is the trailing 12-month sales and COGS ending 1/31/2020.

