

## SBA CARES VS. COVID-19 EIDL

	Coronavirus Preparedness and Response Supplemental Appropriations Act - EIDL Program (Passed into law March 6, 2020)	Coronavirus Aid, Relief, and Economic Security (CARES) Act - Paycheck Protection Program (Passed into law March 27, 2020)
<b>Lender</b>	Economic Injury Disaster Loans for COVID-19 directly from the SBA with an available <a href="#">online application</a>	Small Business Administration ("SBA") to guarantee loans from <a href="#">certified lenders</a> under existing "7(a)" Loan Guarantee Program.
<b>Size of Borrower</b>	Must be a "small business" concern as measured by annual revenue or employee headcount <a href="#">determined by the SBA</a> (by industry, depending on <a href="#">NAICS code</a> ).  The business is aggregated with any "affiliates" under common control when determining its size (the SBA takes an expansive view of "control" and a case-by-case factual analysis should be undertaken, particularly with respect to businesses with institutional investors).	Businesses with fewer than 500 employees, or that meet the applicable SBA "small business" size standard for number of employees, if higher.  Otherwise ineligible hospitality and food service businesses (NAICS Code 72) remain eligible to the extent they employ no more than 500 people <i>per physical location</i> and have under \$500 million in gross revenue.  SBA "affiliation" rules apply, except for certain NAICS Code 72 businesses, franchises, and certain companies receiving Small Business Investment Company assistance.
<b>Eligible Businesses</b>	Business based in designated disaster area (as of date of publication, all 50 states currently qualify for COVID-19 disaster relief).  Business must have substantial economic injury such that it is unable to meet its obligations as they mature or to pay its ordinary and necessary operating expenses (loss of profits/sales alone insufficient).  Typical EIDL requirement that the business must be unable to obtain credit elsewhere has been removed for COVID-19 program.	Business must have been in operation on February 15, 2020 and have employees for whom it paid salaries and payroll taxes. Creditworthiness and repayment ability will not be tested.
<b>Use of Funds</b>	Working capital including fixed debts, payroll, accounts payable, sick leave and other obligations that can't be met because of COVID-19's impact.	Payroll costs for US residents up to \$100k per individual, paid sick, medical and family leave, costs related to maintaining group health care benefits, mortgage interest payments, rent, utilities and interest on other existing debt obligations.
<b>Loan Amount</b>	Up to \$2 Million based on actual economic injury due to COVID-19 and the financial needs of the business.	Up to the lesser of (1) \$10 Million and (2) 250% of average monthly payroll (a) during the year prior to the making of the loan, or (b) if not in business during that time, between 1/1/2020 - 2/29/2020.
<b>Loan Terms</b>	Fixed interest up to 3.75%, with long-term repayment terms up to 30 years (determined on a case-by-case basis).  Applicants who self-certify as an eligible business may request an emergency EIDL grant of up to \$10k. The SBA is required to distribute such grants within three days, and these grants need not be repaid, even if the underlying EIDL application is ultimately denied.  All loans over \$200k may require personal guarantees of principals (All loans over \$25k may require collateral).	Maximum interest rate of 4%.  Loans used for appropriate purposes may be forgiven if employers maintain payroll continuity (based on the amount of covered payroll costs incurred during an 8-week period after loan origination vs. the previous year's payroll costs during the same period).  No loan fees or prepayment fees. Application fees capped by SBA;  Between February 15, 2020 and June 30, 2020, no collateral or personal guarantee shall be required.