

CARES ACT PAYCHECK PROTECTION PROGRAM

VS.

SBA ECONOMIC INJURY DISASTER LOAN

- Business is still operational and making payroll (or rehired quickly)
- Small businesses with fewer than 500 employees (full and part-time)
- 501(c)(3) not-for profit agencies and 501(c)(19) Veterans organizations (with <500 employees)
- Sole proprietor, independent contractor and the self-employed
- Accommodation/food services sector is <500 employees per *each* physical location

- **2.5 times** the business's average monthly payroll, up to \$10 million.

- **1.00%** APR.

- **2-year** term.
- No payments for first 6 months.

- **Payroll costs, interest on mortgage, rent, and utility payments** incurred February 15 to June 30.

- **Up to 100%*** with approval.

* Not a guarantee. Have to reapply for loan forgiveness and provide documentation of spending/expenses.

- Apply through an SBA-approved lender.
- Lender will ask for good faith certification on necessity/purpose of loan and that this loan is not a duplicate of another for the same purpose.
- Lender will not check if business sought or has obtained credit elsewhere.
- No collateral or personal guarantee.

Eligibility

Loan Amount

Interest Rate

Terms

Uses

Forgiveness

Fine Print

- Business does not have to be currently operational if closed as a result of COVID-19
- Must be in declared disaster area/state
- Small businesses that meet SBA Size Standards
- Private 501(c)(3) not-for-profit agencies
- Small agriculture cooperatives and aquaculture businesses

- Up to **\$2 million** for economic injury.

- **3.75%** APR for small businesses and **2.75%** APR for not-for-profits.

- Up to **30-year** term.
- First payment due 12 months after funds are issued.

- These are working capital loans that may be used to pay **fixed debts, payroll, accounts payable, and other bills** that could have been paid had the disaster not occurred.

- **0%** is eligible for forgiveness after \$10,000 initial emergency grant.

- Apply directly with SBA (disasterloan.sba.gov).
- SBA will review credit history and 2018 tax return, verify losses, and loan officer will determine eligibility.
- Waiving that businesses with credit available elsewhere would not be eligible.
- Loans over a certain amount may require collateral or a personal guarantee.

Updated 4/2/2020

Your CPA is here to help.
Contact us for assistance.



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