

EIDL	PPL
What business/entity can apply?	
<p>Small businesses. There are several standards the SBA uses to define a small business, and it varies by industry. As a general guide, less than 500 employees and \$35 million in revenue would typically qualify. Applicants for SBA loan programs typically must include their affiliates when applying size tests to determine eligibility. This means that employees of other businesses under common control would count toward the maximum number of permitted employees</p>	<p>1) Businesses and entities in operation on 2/15/2020 and have 500 or fewer employees; 2) Individuals who operate a sole proprietorship, as an independent contractor and self-employed individuals. Certain businesses with more than 500 employees may be eligible.</p>
Who is the lender?	
The SBA	A bank that is qualified to grant SBA 7(a) loans.
What is the maximum amount of the loan?	
\$2 million	<p>\$10 million according to the following formula: 2.5x the average monthly qualified payroll costs, measured over the 12 months preceding the loan original date. Different rules apply to seasonal businesses. Businesses that received an EIDL loan between 2/15/20 and 6/30/20 can use the PPL to payoff the existing EIDL loans.</p>
Is an emergency grant available before the application process is completed?	
<p>Yes. To access the advance, you must first apply for an EIDL and then request the advance. The SBA will provide the grant within 3 days of receiving your application. The advance does not need to be repaid under any circumstances and may be used to keep employees on payroll, pay sick leave or pay business expenses, including debts, rent and mortgage payments. Must have been in business as of 1/31/20.</p>	<p>Yes for businesses with existing relationships with SBA lenders. The SBA expanded the Express Business Loan program to allow quick loans of up to \$25,000. Applicants must establish that they are unable to obtain credit by other means.</p>
What is the annual interest rate?	
3.75% for businesses; 2.75% for non-profits	Not to exceed 4%
What is the term of the loan?	
Up to 30 years	10 years
When is the first payment due?	
One year after the loan origination date (interest is accrued during the deferment)	At least 6 months after the loan originate date (interest is accrued during the deferment)
What can the loan proceeds be used for?	
Financial obligations and operated expenses that could have been met had the disaster not occurred	Payroll costs (as defined above), group healthcare benefits, insurance premiums, and interest (but not principal) on mortgages or other debt incurred prior to February 15, 2020, rent on any lease in force prior to February 15, 2020 and utility payments

Is collateral required?

Yes. Lien against assets of business; real estate. No collateral is required from the business or owners.

Is a personal guarantee required?

Yes, for owners of > 20% of the business, managing members of LLCs, managing partners of LPs. However, no liens will be taken against real estate owned by the guarantor

No

Is loan forgiveness available for any portion of the loan?

No. However, EIDL loans can be paid off with PPL loans and EIDL money used during the qualified period may qualify for loan forgiveness under the PPL program.

Yes – calculated as the amount spent by the borrower during an 8-week period after the origination date of the loan on: payroll costs (as defined above), interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020. Payroll costs are subject to the same exclusions as noted above

What limits are there on loan forgiveness?

Not applicable

The amount forgiven is reduced based on failure to maintain the average number of full-time equivalent employees versus the period from either February 15, 2019, through June 30, 2019, or January 1, 2020, through February 29, 2020, as selected by the borrower. The amount forgiven is also reduced to the extent that compensation for any individual making less than \$100,000 per year is reduced by more than 25% measured against the most recent full quarter. Reductions in the number of employees or compensation occurring between February 15, 2020, and 30 days after enactment of the CARES Act will generally be ignored to the extent that reductions are reversed by June 30, 2020. Forgiven amounts will not constitute cancellation of indebtedness income for federal tax purposes.

Do I need to have filed my 2019 tax returns to apply?

No, 2019 Taxes do not have to be filed prior to applying for the loan. However, businesses will be asked to submit IRS form 4506T, which provides the SBA with access to historical tax returns

Will depend on the lender. Given that filing deadlines for 2019 taxes have been extended, banks are unlikely to require that 2019 taxes be filed as a condition of loan approval.

How long will the loan process take?

2-3 weeks plus an additional 5 days for funding is normal. The SBA has received a significant increase in its normal volume of applications. The process may take longer.

Banks will likely start to accept applications by mid-April 2020. Once applicants submit all required paperwork, the approval process may take only a few days.

When can I apply?

Now. the application process is live, and loans are available now. There is no obligation to accept the loan if you qualify. The SBA typically allows 60 days to accept the loan offer, but you can always extend this if needed. Therefore, it is better to apply ASAP

No. Now that the CARE Act is law, the SBA will give their loan guidelines to the banks. The banks will then prepare their loan application process. We expect this to take at least two weeks