

dulinhassett 
COVID-19 Relief Loan FAQs

Question	Economic Injury Disaster Loan (EIDL)	Paycheck Protection Program (PPP)
Who is the lender?	The SBA	A bank that does SBA 7(a) loans
Who can apply?	Small businesses. Generally, less than 500 employees and less than \$35 million in revenue.	<ul style="list-style-type: none"> • Businesses in operation on February 15, 2020 and have less than 500 employees. • Individuals who operate a sole proprietorship or as an independent contractor.
What is the maximum amount of the loan?	<p>\$2 million. Applicants who apply may request an advance of up to \$10,000 from SBA by checking a box on the application. The advance will be distributed within 3 days. Applicants are not required to repay the advance if they are subsequently denied a loan.</p>	<p>\$10 million.</p> <p>The amount of the loan is calculated as 2.5x your average monthly payroll costs for the 12 months preceding the loan origination date.</p> <p>If you took out an EIDL loan between February 15, 2020 and June 30, 2020 and you want to refinance that loan to a PPP loan, add the outstanding loan amount to the payroll sum when applying for the PPP.</p> <p>Payroll Costs includes:</p> <ul style="list-style-type: none"> • Salaries. When calculating average monthly salaries, the per employee annual maximum is \$100K. So, if you have an employee who earns \$115K, you would only list their average monthly salary at \$100K (which is \$8,333 per month). • Commissions • Tips • Employer-paid Health Insurance • Employer-paid retirement benefits • State unemployment taxes • Payments to independent contractors <p>Payroll costs for foreign employees are excluded.</p>


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What is the 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 loan payment due?	1 year after the loan origination date. Interest accrues from the loan origination date onward.	6 months after the loan origination date. Interest accrues from the loan origination date onward.
What can we use the loan for?	<ul style="list-style-type: none"> • Payments to vendors, • Payroll costs, and • Operating expenses that otherwise could have been met absent the economic disaster. 	<ul style="list-style-type: none"> • Payroll costs, detailed above, • Health insurance premiums, • Interest on mortgages or other debt incurred before February 15, 2020 • Rent on any lease in effect before February 15, 2020, and • Utility payments.
What collateral is required?	SBA will place a UCC lien against the assets of the business.	No collateral is required.
Is a personal guarantee required?	Yes, for loans greater than \$200K	No
Can the loan be forgiven?	No	<p>Yes. Forgiveness amount is calculated as the amount spent by the borrower during an 8 week period after the loan origination date for:</p> <ul style="list-style-type: none"> • Payroll costs, detailed above, • Health insurance premiums, • Interest on mortgages or other debt incurred before February 15, 2020 • Rent on any lease in effect before February 15, 2020, and • Utility payments.
What reduces the forgiveness amount?	N/A	<p>The amount forgiven is reduced based on:</p> <ul style="list-style-type: none"> • 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. Comparative period is selected by the borrower. • The extent that employees

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		<p>earning less than \$100K annually had their pay reduced by more than 25% measured against the most recent quarter.</p> <p>Reductions described above will generally be ignored to the extent that they are reversed by June 30, 2020.</p>
Is the amount of loan forgiveness taxable?	N/A	No
How long will the process take to get funded?	2-4 weeks. The \$10K advance will fund within 3 days.	Unknown. Banks are working with SBA to finalize the process.
Can I apply now?	Yes – here: https://covid19relief.sba.gov/#/	No. We are waiting on the banks and SBA to finalize the process. Check with your bank daily for updates.