The Small Business Administration

Emergency Loan Overview

The Economic Injury Disaster Loan (EIDL), the Paycheck Protection Program (PPP) and the Emergency Bridge Loan Program
Our Resource Partners & UGA SBDC Statewide Reach

Funded in part through a Cooperative Agreement with the U.S. Small Business Administration.

- 17 offices covering every county.
- University of Georgia working in conjunction with six other state universities.

A Public Service and Outreach Unit of the University of Georgia.
Disaster Loan Programs Most Relevant For the Small Business Owner

- ‘SBA Guaranteed Loan’ Payment Relief
- Economic Injury Disaster Loan (EIDL)
  - EIDL Advance
- Paycheck Protection Program (PPP)
- Emergency Bridge Loan (EBL)
‘SBA Guaranteed Loan’ Payment Relief

SBA will pay the principal, interest, and any associated fees owed on SBA Guaranteed loans for 6 months, as follows:

• Existing borrower not on deferment: Beginning with the next payment due on the loan
• Existing borrower on deferment: Beginning with the next payment due on the loan after the deferment period
• New borrower: Beginning with the first payment due on the loan, but only for new loans made within the first six months starting from the date of enactment
Economic Injury Disaster Loan (EIDL)

- Eligibility: Businesses with 500 employees or fewer. Includes sole proprietorships, independent contractors, cooperatives, ESOP’s and tribal small business with <= 500 employees.
- Up to $2 million can be provided to help meet financial obligations and operating expenses that could have been met if the disaster did not occur, (think of this as working capital). Possibly capped at $15,000 (plus advance) for 8 weeks
- Loans can be made based solely on credit scores.
- The interest rate on EIDLs will be 3.75% interest rate for small businesses.
- The first twelve payments will be deferred and not become due until one year after the original disbursement. Interest does accrue during this time.
- The term of these loans will be up to 30 years.
Economic Injury Disaster Loan (EIDL) Advance

• For those that apply for the Economic Injury Disaster Loan (EIDL), an advance based on number of employees ($1,000 for each employee - up to a max of $10,000) will be provided to small businesses within 2-3 weeks of applying for the loan.
• The advance does not need to be repaid, even if the grantee is subsequently denied an EIDL.
• Funds can be used to provide paid sick leave to employees, maintain payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.
• Eligibility- Advances are available to small businesses, sole proprietors, independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses in operation on January 31, 2020.
Paycheck Protection Program (PPP)

• The current rate is fixed at 1.0% with a term of 2 years.
• Eligibility:
  • Small businesses as defined by SBA size standards, generally up to 500 employees, but up to 1,500 employees depending on the sector as certain sectors are based on revenue.
  • Sole proprietors, the self-employed, and independent contractors.
• Regulatory Streamlining:
  • SBA’s standard “no credit elsewhere” test is waived.
  • No personal guarantee or collateral required.
  • No additional fees will be applied to these loans.
• Size of loans: Up to $10 million. Loan amount is based on recent payroll costs, compensation paid to individuals, including the self-employed. Compensation in excess of $100,000 a year to any individual, independent contractor or sole proprietor is excluded.
Paycheck Protection Program (PPP)

• Requirements: The business must certify the loan will be used to retain workers, maintain payroll, make mortgage or lease payments, and pay utilities.
• Loans may be forgiven, up to an amount equaling eligible payroll, mortgage interest, rent and utility cost, incurred during the 8-week period starting from loan origination.
  • Compensation in excess of $100,000 a year to any individual, independent contractor or sole proprietor will not qualify for forgiveness.
  • Non-payroll costs cannot make up more than 25% of the loan forgiveness amount
  • Loan forgiveness is reduced by layoffs or pay reductions in excess of 25%.
  • Loan forgiveness is not treated as taxable income.
Emergency Bridge Loan (EBL)

• Lender must be an SBA Express Approved Lender
• Borrower must have a current relationship with the lender.
• Maximum loan amount is $25,000
• Fees are permitted and the SBA will guarantee 50% of the loan
• Businesses need to have been operational as of March 13, 2020
• Proceeds to be used to reopen or ongoing survival of the business
• Collateral is not required.
• Personal guarantee may be required.
• The loan is not forgivable
• Interest rate of Prime + up to 6.5% and a max of a 7-year term
<table>
<thead>
<tr>
<th>OVERVIEW</th>
<th>EIDL</th>
<th>EIDL ADVANCE</th>
<th>PPP</th>
<th>EBL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>$2MM</td>
<td>SBA</td>
<td>SBA 7(a) Approved Lender</td>
<td>Be an SBA Express Approved Lender</td>
</tr>
<tr>
<td>Maximum Loan Amount</td>
<td>$2MM</td>
<td>Advance of up to $10,000</td>
<td>2.5x average monthly payroll costs capped at $100K per employee, maximum of $10MM per borrower</td>
<td>$25,000</td>
</tr>
<tr>
<td>Eligible Borrowers</td>
<td>Businesses that meet the SBA size standard</td>
<td>500 or fewer employees Sole proprietorship (with or without employees or as independent contractors)</td>
<td>Businesses with &lt;500 employees Businesses in NAICS 72 with &lt;500 employees per individual location.</td>
<td>Borrower must have a current relationship with lender. Business needs to be operational as of March 13, 2020</td>
</tr>
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| **Use of Proceeds*** | - Rent  
- Utilities  
- Interest on debt occurred  
- Accounts payable  
- Some bills that could have been paid had the disaster not occurred  
- Payroll  
- Rent  
- Utilities  
- Interest on debt occurred  
- Accounts payable  
- Some bills that could have been paid had the disaster not occurred | - Payroll  
- Rent  
- Utilities  
- Interest on debt occurred  
- Accounts payable  
- Some bills that could have been paid had the disaster not occurred | Payroll  
- Interest on mortgage payments (principal or prepayments excluded)  
- Rent  
- Utilities  
- Interest on any debt incurred prior to Feb. 15, 2020 | Survival and/or reopening of the small business |
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<tr>
<td>Collateral</td>
<td>No collateral for loan amounts up to $25,000</td>
<td>N/A</td>
<td>Waived</td>
<td>Not required</td>
</tr>
<tr>
<td>Personal Guarantee</td>
<td>No personal guarantee for loan amounts up to $200,000</td>
<td>N/A</td>
<td>Waived</td>
<td>May be required</td>
</tr>
<tr>
<td>Affiliation</td>
<td>Applicable</td>
<td>Waived</td>
<td>Applicable</td>
<td>Applicable</td>
</tr>
<tr>
<td>No Credit Elsewhere</td>
<td>Waived</td>
<td>Waived</td>
<td>Waived</td>
<td>Yes</td>
</tr>
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</tr>
<tr>
<td>Forgivable</td>
<td>No</td>
<td>Yes</td>
<td>Yes, up to 100%. Forgiveness of indebtedness of an amount equal to the sum of the qualified costs incurred and payments made during the covered period (8-week period following loan origination). Forgiveness portion may be reduced by a reduction in retained employees or reduction in pay of retained employees.</td>
<td>No</td>
</tr>
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<tr>
<td>Interest</td>
<td>3.75%</td>
<td>N/A</td>
<td>Currently fixed at 1%</td>
<td>Prime + up to 6.50%</td>
</tr>
<tr>
<td>Term</td>
<td>Up to 30 Years</td>
<td>N/A</td>
<td>Currently 2 years</td>
<td>Max of 7 years</td>
</tr>
<tr>
<td>Prepayment Penalty</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>Same as 7A loans</td>
</tr>
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</table>

* You may apply for both the Economic Injury Disaster Loan and the Paycheck Protection Program, however advances or loan proceeds cannot be used for the same purpose during the same time period.
The Path Forward...

• Apply for PPP loan with SBA designated Lender
  • Include appropriate expenses (i.e. payroll, rent, mortgage interest, etc.) into PPP loan request (to be forgiven).

• Apply for EIDL [https://covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/)
  • Advance request included within EIDL application
  • Obtain these funds to help with cash flow

• Consider the EBL as a lower tier option due to loan terms
• Identify any alternative lending sources/modify vendor arrangements
• Check [https://www.georgiasbdc.org/](https://www.georgiasbdc.org/) website for continuing updates and information
Questions and Answers
UGA SBDC Office Contact Email:

To obtain a copy of the FAQ and Handout for this session, please visit: https://www.georgiasbdc.org/georgia-small-business-recovery/
The University of Georgia SBDC

“The Trusted Resource for Transforming Georgia Businesses”

Thank You!