

# The Small Business Administration Emergency Loan Overview

*The Economic Injury Disaster Loan (EIDL) and  
the Paycheck Protection Program (PPP)*



Small Business  
Development Center  
**UNIVERSITY OF GEORGIA**

**[www.georgiasbdc.org](http://www.georgiasbdc.org)**

*In Partnership with the U.S. Small Business Administration*



# Our Resource Partners & UGA SBDC Statewide Reach



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



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# ***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)**



# 'SBA Guaranteed Loan' Payment Relief

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

- Existing borrower not on deferment: Six months beginning with the next payment due on the loan
- Existing borrower on deferment: Six months of payments beginning with the next payment due on the loan after the deferment period
- New borrower: Six months of payments 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  $\leq 500$  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).
- 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 of up to \$10,000 will be provided to small businesses within several days 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 interest rate will not exceed 4%; currently fixed at 1.0%.
- 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.





# Questions and Answers



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# 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/>



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# The University of Georgia SBDC

*“The Trusted Resource for  
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***Thank You!***



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