OVERVIEW SBA EMERGENCY LOANS

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, allocates $349 billion to help small businesses keep workers employed amid the current circumstances they are encountering. The CARES Act provides funding for the Paycheck Protection Program, modifies the existing Economic Injury Disaster Loan (EIDL) program and provides immediate loan payment relief for businesses with current SBA guaranteed loans. The following is an overview of the key components of and eligibility requirements of these programs:

➤ 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, March 27, 2020.

➤ Economic Injury Disaster Loan (EIDL)

- Eligibility: Businesses with 500 employees or fewer.
- 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.
- 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 EIDL, an advance of $1,000 per employee (up to $10,000) is available.
- 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.
- Advances are available to small businesses, sole proprietors, independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses in operation on 1/31/20.

**Small Business “Paycheck Protection Program” (PPP)**

- The SBA guarantee will be 100% through the end of 2020. Payments will be deferred for the first 6 months. Loans will be administered through local and regional banks; any federally regulated bank may become an SBA lender for this purpose.
- The current rate is fixed at 1.0% with a term of 2 years. Interest rate will not exceed 4%.
- Eligibility: Small businesses (as defined by SBA size standards, generally >500 employees, but may be >1,500 employees depending on sector), sole proprietors, the self-employed, and independent contractors.
- SBA’s standard “no credit elsewhere” test is waived. No personal guarantee or collateral required and no additional fees will be applied.
- Size of loans: Up to $10 million. 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 is excluded.
- The business must certify the loan will be used to retain workers, maintain payroll, make mortgage / lease payments, and pay utilities.
- Loans may be forgiven, up to an amount equaling eligible payroll, mortgage interest, rent and utility cost, incurred during a 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.
  - 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.

**Express Bridge Loan**

- Lender must be an SBA Express Approved Lender, borrower must have a current relationship with lender. 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, but a personal guarantee may be required. The loan is not forgivable.
- Interest of the loan is prime + up to 6.5% and has a max term of 7 years.
- The maximum loan amount is $25,000.
### Program Comparison

<table>
<thead>
<tr>
<th>OVERVIEW</th>
<th>EIDL</th>
<th>EIDL ADVANCE</th>
<th>PPP</th>
<th>BRIDGE LOAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>SBA</td>
<td>SBA</td>
<td>SBA Approved Lender</td>
<td>SBA Approved Lender</td>
</tr>
<tr>
<td>Maximum Loan Amount</td>
<td>$2MM</td>
<td>Advance of $1,000 per employee, up to $10,000 total.</td>
<td>2.5x average monthly payroll costs capped at $100K per employee, maximum of $10MM per borrower</td>
<td>$25,000 Fees are permitted. SBA guarantees 50%</td>
</tr>
<tr>
<td>Eligible Borrowers</td>
<td>Businesses that meet the SBA size standards</td>
<td>- 500 or fewer employees</td>
<td>Businesses with &lt;500 employees</td>
<td>Lender must have a current relationship with borrower. - Fees are permitted. - Business needs to be operational on March 13, 2020.</td>
</tr>
<tr>
<td>- Payroll</td>
<td>- Payroll</td>
<td>- Payroll</td>
<td>- Payroll</td>
<td>Survival and/or re-opening of small business.</td>
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<tr>
<td>- Rent</td>
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<td>- Rent</td>
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<tr>
<td>- Utilities</td>
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<tr>
<td>- Interest on debt occurred</td>
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<td>- Interest on debt occurred</td>
<td>- Interest on mortgage payments (principal or prepayments excluded)</td>
<td></td>
</tr>
<tr>
<td>- Accounts payable</td>
<td>- Accounts payable</td>
<td>- Accounts payable</td>
<td>- Rent</td>
<td></td>
</tr>
<tr>
<td>- Some bills that could have been paid had the disaster not occurred</td>
<td>- Some bills that could have been paid had the disaster not occurred</td>
<td>- Some bills that could have been paid had the disaster not occurred</td>
<td>- Utilities</td>
<td></td>
</tr>
<tr>
<td>- Payroll</td>
<td>- Payroll</td>
<td>- Payroll</td>
<td>- Interest on any debt incurred prior to Feb. 15, 2020</td>
<td></td>
</tr>
<tr>
<td>- Interest on mortgage payments (principal or prepayments excluded)</td>
<td>- Rent</td>
<td>- Utilities</td>
<td>- Interest on any debt incurred prior to Feb. 15, 2020</td>
<td></td>
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<td></td>
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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>
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<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>
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<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>Required</td>
</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>
<tr>
<td>Interest</td>
<td>3.75%</td>
<td>N/A</td>
<td>Current interest rate is 1%</td>
<td>Prime + up to 6.5%</td>
</tr>
<tr>
<td>Term</td>
<td>Up to 30 Years</td>
<td>N/A</td>
<td>Current term is 2 years</td>
<td>Max of 7 years</td>
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<tr>
<td>Prepayment Penalty</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
<td>Same as 7(a) loan</td>
</tr>
</tbody>
</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.*
Next Steps

- Review your options as listed in this document.
- Contact your local UGA SBDC office to speak with a business consultant. There are 17 offices located throughout Georgia, serving every county. During this time, consultants are available via phone, email or video-conference only.
- Your business consultant will be able to answer any questions you may have. He/she will be available to assist you as you navigate the application process.

ABOUT THE UGA SBDC

The UGA Small Business Development Center (SBDC) provides tools, training and resources to help small businesses grow and succeed.

Designated as one of Georgia’s top providers of small business assistance, the UGA SBDC has 17 offices to serve the needs of Georgia’s business community.

ALBANY
229-420-1144

GWINNETT
678-985-6820

KENNESAW STATE UNIVERSITY
470-578-6450

MACON
478-757-3609

AUGUSTA
706-650-5655

CLAYTON STATE UNIVERSITY
678-466-5100

ROME
706-622-2006

BRUNSWICK
912-264-7343

SAVANNAH
912-651-3200

COLUMBUS
706-569-2651

GEORGIA SOUTHERN UNIVERSITY
912-478-7232

DEKALB
770-414-3110

VALDOSTA STATE UNIVERSITY
229-245-3738

GAINESVILLE
770-531-5682

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