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 PPP Flexibility Act was signed into law on June 5, 2020 modifying the PPP’s covered period from 8–24 weeks and extending the term from 2–5 years. The following is an overview of the key components 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.
- Current EIDL loans are capped at $150,000
- 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 interest rate is fixed at 1.0%. Loans made after June 5, 2020, will have a 5-year term and loans made before then were 2-year terms but may be modified if borrower and lender mutually agree to do so.
- 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.
- Loans up to $10 million. Amount is based on recent payroll costs (compensation paid to individuals, including self-employed). Compensation in excess of $100,000 a year to any individual is excluded.
- Business must certify the loan will be used to retain workers, maintain payroll, make mortgage / lease payments, and pay utilities. 60% must be designated for payroll expenses, non-payroll costs cannot make up more than 40%.
- Loans may be forgiven, up to an amount equaling eligible payroll, mortgage interest, rent and utility cost, incurred during a 24-week period starting from the date the borrower receives the funds. 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 40% 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.
<table>
<thead>
<tr>
<th>Lender</th>
<th>SBA</th>
<th>SBA</th>
<th>SBA Approved Lender</th>
<th>SBA Approved Lender</th>
</tr>
</thead>
<tbody>
<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 - Sole proprietorship (with or without employees or as independent contractors) - Cooperative of 500 or fewer employees - ESOP (500 or fewer employees) - Tribal small business concern (500 or fewer employees)</td>
<td>Businesses with &lt;500 employees Businesses in NAICS 72 with &lt;500 employees per individual location.</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>Use of Proceeds*</td>
<td>- Payroll - Rent - Utilities - Interest on debt occurred - Accounts payable - Some bills that could have been paid had the disaster not occurred</td>
<td>- Payroll - Rent - Utilities - Interest on debt occurred - Accounts payable - Some bills that could have been paid had the disaster not occurred</td>
<td>- Payroll - Interest on mortgage payments (principal or prepayments excluded) - Rent - Utilities - Interest on any debt incurred prior to Feb. 15, 2020</td>
<td>Survival and/or re-opening of small business.</td>
</tr>
<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>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 (24-week period beginning when you receive your loan funds). Forgiveness portion may be reduced by a reduction in retained employees or if pay to retained employees is reduced by more than 25%.</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>Loans made after June 5, 2020 have a term of 5 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 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.

** Loans made prior to June 5, 2020, have 2 year terms but may be modified to 5 years if the borrower and lender mutually agree to do so.
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.

ABOVE 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
- ATHENS 706-542-7436
- GEORGIA STATE UNIVERSITY 404-413-7830
- AUGUSTA 706-650-5655
- BRUNSWICK 912-264-7343
- GEORGIA SOUTHERN UNIVERSITY 912-478-7232
- COLUMBUS 706-569-2651
- DEKALB 770-414-3110
- GAINESVILLE 770-531-5681
- GWINNETT 678-985-6820
- KENNESAW STATE UNIVERSITY 470-578-6450
- MACON 478-757-3609
- CLAYTON STATE UNIVERSITY 678-466-5100
- ROME 706-622-2006
- SAVANNAH 912-651-3200
- GEORGIA SOUTHERN UNIVERSITY 912-478-7232
- VALDOSTA STATE UNIVERSITY 229-245-3738

www.georgiasbdc.org

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