

The CARES Act: A Comparison of SBA Loan Programs Under PPP and EIDL

This chart is intended as a guide to determine which Small Business Administration loan program best fits your company's needs and strategic objectives.

	PAYCHECK PROTECTION PROGRAM (PPP)	ECONOMIC INJURY DISASTER LOANS (EIDL)
Loan Amount	<ul style="list-style-type: none"> Up to 2.5 months of payroll costs¹ with a maximum of \$10 million 	<ul style="list-style-type: none"> Up to \$2 million, based on actual economic injury determined by SBA
Loan Term	<ul style="list-style-type: none"> 2 years 	<ul style="list-style-type: none"> Up to 30 years
Eligible Borrowers	<ul style="list-style-type: none"> All small businesses in operation as of 2/15/20 with fewer than 500 employees All SBA qualified small businesses NAICS 72 sector business (Accommodations and Food Service) with not more than 500 employees per location 501 (c)(19) veteran groups, 501 (c)(3)s, and tribal businesses with fewer than 500 employees Self-employed individuals Independent contractors Sole proprietorships 	<ul style="list-style-type: none"> All SBA qualified small businesses Private nonprofit organizations ESOPs fewer than 500 employees Independent contractors Sole proprietorships Tribal businesses
Application Process	<ul style="list-style-type: none"> Issued directly by SBA-approved banks Loan fees waived 	<ul style="list-style-type: none"> Issued by the SBA, approval solely on credit score and financial need Loan fees, requirement to show need, and one-year of operations waived
Collateral	<ul style="list-style-type: none"> No collateral 	<ul style="list-style-type: none"> Collateral required for loans more than \$25,000
Personal Guaranty	<ul style="list-style-type: none"> No personal guaranty 	<ul style="list-style-type: none"> Required for loans more than \$200,000, by owners of greater than 20%
Interest	<ul style="list-style-type: none"> 1% 	<ul style="list-style-type: none"> 3.75% for businesses; 2.75% for nonprofits
Forgiveness/Grants	<ul style="list-style-type: none"> SBA will provide eight weeks of loan forgiveness for funds applied for payroll cost, mortgage interest, rent, and utility expenses between 2/15/20—6/30/20² 	<ul style="list-style-type: none"> SBA may provide up to \$10,000 in emergency grants to EIDL applicants that need it Applicants do not need to repay the grants even if the loan application is denied³
Deferred Payments	<ul style="list-style-type: none"> Automatic deferral of principal/interest payments for six months to one year 	<ul style="list-style-type: none"> Automatic deferral of principal/interest for all of 2020; up to one year
Uses	<ul style="list-style-type: none"> Payroll costs, group healthcare benefits, rent, utilities, mortgage interest, and interest on other debt, but forgiveness only provided if used for costs described above 	<ul style="list-style-type: none"> Working capital, inventory, equipment purchases, real estate payments, and other operating expenses
Availability	<ul style="list-style-type: none"> Available beginning 4/3/20 and only until 6/30/20 	<ul style="list-style-type: none"> Available immediately and only until 12/31/20

¹ Payroll costs include: salary, wage, commission, or other compensation, payments of cash tips, payments for vacation, parental family, medical or sick leave, allowance for dismissal, healthcare benefits (including premiums), retirement benefits and payroll taxes, but exclude compensation to any individual employee or contractor in excess of \$100,000/year, and compensation to employees with primary residence outside of the United States.

² The forgiven amount cannot exceed the loan principal and will be reduced proportionally by any reduction in employees or 25% reduction in payroll on June 30, 2020 compared to pre-February 15, 2020 levels.

³ Grants may be spent on paid leave, maintaining payroll, costs due to supply chain disruption, mortgage or lease payments, or repaying obligations.