

A Comparison of Small Business Disaster Loans Available Through the CARES Act



Loans	Paycheck Protection Program (PPP) First Draw	Paycheck Protection Program (PPP) Second Draw	Economic Injury Disaster Loan (EIDL) & Targeted EIDL Advance	Shuttered Venue Operators Grant (SVO) (Not yet accepting applications)
About	<p>Short-term, potentially forgivable loans to eligible small businesses, independent contractors or other self-employed individuals, nonprofits, housing cooperatives, news organizations, and other eligible entities that retain employees, maintain payroll, and use for other allowable operating expenses.</p> <p>PPP loans are administered and approved through SBA-certified lending institutions.</p>	<p>Congress has made funding available to eligible businesses that have previously received a PPP loan.</p>	<p>Long-term, low-interest working capital disaster loans for qualified small businesses, nonprofits, and U.S. agricultural businesses that suffered substantial economic injury due to COVID-19. EIDLs are administered and approved directly by the SBA.</p> <p>Targeted EIDL Advance Provides businesses located in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency.</p>	<p>As part of the Economic Aid Act, the SBA is offering a special grant program to provide a critical lifeline for the nation's shuttered venue operators, including movie theaters, art venues, and movie theaters.</p> <p>The SBA will be providing updates as information becomes available www.sba.gov/coronavirusrelief.</p>
Financing	<p>Amount: Lesser of 2.5x average monthly payroll costs, or \$10 million</p> <p>Interest and Terms: 1% for a term of five years for any amount not forgiven</p> <p>Collateral: None</p> <p>Personal Guarantee: None</p>	<p>Amount: Lesser of 2.5x average monthly payroll costs or \$2 million</p> <p>Interest and Terms: Same</p> <p>Collateral: Same</p> <p>Personal Guarantee: Same</p>	<p>Amount: Up to \$2 million</p> <p>Interest and Terms: 3.75% for a term up to 30 years; 2.75% for nonprofits</p> <p>Collateral: Loans of more than \$25,000</p>	<p>Amount: Eligible organizations with a reduction in revenue due to the COVID-19 pandemic will have the opportunity to qualify for grants equal to 45% of their gross earned revenue, with the maximum amount available for a single grant award of \$10 million. At least \$2 billion is reserved for eligible applications with up to 50 full-time employees.</p>
Eligibility	<p>Borrowers in operation on February 15, 2020 and meet one of the following requirements may be eligible:</p> <ul style="list-style-type: none"> • Businesses with 500 or fewer employees that are eligible for other SBA 7(a) loans • Sole proprietors, independent contractors, and eligible self-employed individuals; • Nonprofits • Accommodation and food service operations with NAICS codes starting with 72 with fewer than 500 employees per physical location • Sec. 501 (c)(6) entities such as chambers, visitors bureaus and destination marketing organizations • News organizations <p>See page 13 of the SBA's Interim Final Rule for more information.</p>	<p>Borrowers are eligible for a second-draw loan of up to \$2 million if they have:</p> <ul style="list-style-type: none"> • 300 or fewer employees • Used or will use the full amount of their first PPP loan on or before the expected date for the second PPP loan to be disbursed to the borrower. The IFR also clarifies that the borrower must have spent the full amount of the first PPP loan on eligible expenses. • Experienced a revenue reduction of 25% or more in all or part of 2020 compared with all or part of 2019 	<p>Eligible applicants include:</p> <ul style="list-style-type: none"> • Businesses with 500 or fewer employees or defined as small per SBA.gov/SizeStandards • Cooperatives with 500 or fewer employees • Agricultural enterprises with 500 or fewer employees • Most private nonprofits • Faith-based organizations • Sole proprietorships and independent contractors <p>Targeted EIDL Advance Applicants in low-income communities who previously received an EIDL advance for less than \$10,000, or those who applied but received no funds due to lack of available program funding. The SBA will reach out to those who qualify.</p> <p>Additional details on how the SBA will identify low-income communities will be available soon, visit https://www.sba.gov/coronavirusrelief.</p>	<p>Eligible entities include:</p> <ul style="list-style-type: none"> • Live venue operators or promoters • Theatrical producers • Live performing arts organization operators • Relevant museum operators, zoos and aquariums who meet specific criteria • Motion picture theater operators • Talent representatives, and • Each business entity owned by an eligible entity and any subsidiaries of these organizations that also meet the eligibility requirements <p>Other requirements:</p> <ul style="list-style-type: none"> • Must have been in operation as of Feb. 29, 2020 • Must not have received a PPP loan on or after Dec. 27, 2020

Chart continued on next page.

Loans	PPP First Draw	PPP Second Draw	(EIDL) & Targeted EIDL Advance	SVO Grant (Not yet accepting applications)
Forgiveness	<p>Limited to the amount spent on payroll costs and allowable operating expenses during the 24-week period beginning on the date of the origination of the loan.</p> <p>At a minimum, 60% must be expended on payroll costs to be forgiven.</p>	<p>Second draw borrowers are eligible for forgiveness on the same terms and conditions as first draw borrowers, except that:</p> <p>Second draw borrowers with a principal amount of \$150,000 or less are required to provide documentation of revenue reduction if such documentation was not provided at the time of the loan application as specified in subsection (g)(2)(iv) and (v) of the SBA's IFR.</p>	<p>Targeted EIDL Advance This loan does not have to be repaid. Advance funds of up to \$10,000 will be available to applicants located in low-income communities who previously received an EIDL Advance for less than \$10,000, or those who applied but received no funds due to lack of available program funding.</p>	<p>The SBA is in the process of setting up the grant program and is not yet accepting applications.</p> <p>The SVO is a grant and applicants must prove that they meet the eligibility requirements and submit the required documentation. The SVO does not have to be repaid. However, applicants will be required to document appropriate use of funds. The SBA will be providing updates as information becomes available on their website here.</p>
Use	<p>Proceeds may be used to pay payroll costs, mortgage interest, rent, utilities, interest on pre-existing loans, costs related to the continuation of benefits, refinancing an EIDL loan made between January 31, 2020 and April 3, 2020; covered operations expenditures, covered supplier costs, and covered worker protection expenditures.</p>	<p>Same as the first draw.</p>	<p>Proceeds may be used for working capital and normal operating expenses, for example: continuation of health care benefits, rent, utilities, fixed debt payments.</p> <p>Note: You can apply for both PPP and EIDL—you just can't use the funds for the same purpose.</p>	<p>Proceeds may be used for:</p> <ul style="list-style-type: none"> • Payroll costs, rent payments, utility payments • Scheduled mortgage and debt payments (not including prepayment of principal), or any indebtedness incurred in the ordinary course of business prior to 02/15/20) • Worker protection expenditures • Payments to independent contractors (not to exceed \$100K in annual compensation per contractor) • Other ordinary and necessary business expenses, including maintenance costs • Administrative costs (incl. fees and licensing) • State and local taxes and fees • Operating leases in effect as of 02/15/20 • Insurance payments • Advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production. (May not be primary use of funds.)
Deadline	March 31, 2021	March 31, 2021	December 31, 2021	The SBA is not yet accepting applications.
Apply	<p>Contact your local bank, credit union, or other SBA-certified lender.</p>	<p>Contact your local bank, credit union, or other SBA-certified lender.</p>	<p>Apply online directly with the U.S. SBA at https://covid19relief.sba.gov.</p> <p>Targeted EIDL Advance Applicants do not need to take any action at this time. The SBA will reach out to those who qualify.</p>	<p>For the latest information, visit www.SBA.gov/coronavirus.</p>

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A statewide partnership program nationally accredited by the Association of America's SBDCs and funded in part by the U.S. Small Business Administration, Defense Logistics Agency, State of Florida, and other private and public partners, with the University of West Florida serving as the network's headquarters. Florida SBDC services are extended to the public on a nondiscriminatory basis. Language assistance services are available for individuals with limited English proficiency.

