

COVID-19 Relief Programs: U.S. Small Business Administration Overview



Paycheck Protection Program (“PPP”) Loans

- Purpose: Incentive for small businesses impacted by COVID-19 to retain employees and maintain salary levels
- Administered: By SBA approved lenders and financial institutions
- Eligibility: Generally, businesses and non-profit organizations with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons) impacted by COVID-19
- Loan Amount: The lesser of:
(1) \$10MM; or
(2) “2.5x the average monthly payroll costs of a business”
- Use of Loan Proceeds: Forgivable uses include payroll costs, rent, mortgage interest, and utilities over an 8-week period
- Loan Term: 2 years (if not forgiven)
- Interest Rate: 1.00% fixed rate (if not forgiven)
- Forgiveness: Loans may be forgiven and kept free from federal income tax subject to satisfying PPP requirements
- Deferral of Payments: 6 months (although interest will accrue)
- Personal Guaranty Required: No
- Collateral Required: No

Economic Injury Disaster Loans (“EIDL”)

- Purpose: Provide economic support to small businesses experiencing temporary loss of revenue due to COVID-19
- Administered: By the SBA
- Eligibility: Generally, businesses and non-profit organizations with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons) impacted by COVID-19
- Loan Amount: Up to \$2MM
- Use of Loan Proceeds: Debts, payroll, benefits, accounts payable and other expenses that cannot be paid because of COVID-19
- Loan Term: Up to 30 years
- Interest Rate: For Profit = 3.75% / Non-Profit = 2.75%
- Forgiveness: Up to \$10,000 via an emergency grant
- Deferral of Payments: 12 months (although interest will accrue)
- Personal Guaranty Required: No – for loans less than \$200,000
- Collateral Required: Likely – for loans in excess of \$25,000

This is a general overview only. Additional eligibility parameters, requirements, restrictions and exemptions apply.

This material is for informational purposes only. It is not and should not be solely relied on as legal advice in dealing with any specific situation.

Please contact any member of our COVID-19 Small Business Relief Group should you have questions.

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