

# Summary of COVID-19 Related SBA Loan Options

Prepared by [Terri Johnson, CPA](#) & [Meaghan Likes, CPA](#)

	<b>Economic Injury Disaster Loans</b>	<b>SBA7(a) Loan (Paycheck Protection Program)</b>
Eligibility Requirements	<ul style="list-style-type: none"> <li>• 500 employees or less</li> <li>• Business was operational on 1/31/20</li> <li>• Nonprofits are eligible</li> <li>• Sole proprietors, independent contractors &amp; self-employed individuals are eligible</li> <li>• Must Have Credit History Acceptable to SBA standards</li> </ul>	<ul style="list-style-type: none"> <li>• 500 employees or less</li> <li>• Business was operational on 2/15/20</li> <li>• Had employees for whom salaries and taxes were paid, or paid independent contractors</li> <li>• No requirement to evaluate ability to repay</li> <li>• Nonprofits are eligible</li> <li>• Sole proprietors, independent contractors &amp; self-employed individuals are eligible</li> <li>• Cannot Have Another SBA Loan for the same purpose or duplicative amounts</li> </ul>
Borrowing Limits	<ul style="list-style-type: none"> <li>• \$2 Million Max</li> <li>• + Advance also available limited to \$1,000 per employee with a max of \$10,000</li> </ul>	<ul style="list-style-type: none"> <li>• Up to 2.5x the business's average monthly payroll for 12 months prior to loan</li> <li>• Payroll costs include wages &amp; salaries (not to exceed \$100,000 per person), taxes, health insurance, &amp; paid sick leave</li> <li>• \$10 Million Max</li> </ul>
Allowed Uses	<ul style="list-style-type: none"> <li>• Working Capital (Payroll, Utilities, Rent, Fixed Debts, Accounts Payable, and other bills)</li> <li>• Cannot be used to refinance long-term debt BUT can be used to make payments on current loan obligations</li> <li>• Not intended to replace lost sales</li> <li>• Not intended for expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Payroll costs</li> <li>• Interest payments on mortgages</li> <li>• Utilities</li> <li>• Rent</li> <li>• Interest on other loan obligations incurred prior to 2/15/20</li> </ul>
Loan Fees	<ul style="list-style-type: none"> <li>• No Cost to Apply</li> </ul>	<ul style="list-style-type: none"> <li>• No Cost to Apply</li> </ul>
Loan Repayment Guarantee	<ul style="list-style-type: none"> <li>• 85% of loan proceeds until 12/31/20</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of loan proceeds until 12/31/20</li> <li>• 75% for loans exceeding \$150,000 after 12/31/20</li> <li>• 85% for loans under \$150,000 after 12/31/20</li> </ul>
Maximum Interest Rate	<ul style="list-style-type: none"> <li>• 3.75% (2.75% for non-profits)</li> <li>• No prepayment penalty</li> </ul>	<ul style="list-style-type: none"> <li>• 1%</li> <li>• No prepayment penalty</li> </ul>
Maximum Loan Maturity	<ul style="list-style-type: none"> <li>• Up to 30 years</li> </ul>	<ul style="list-style-type: none"> <li>• 2 years</li> </ul>

This content is for informational purposes only and is not designed or intended to provide financial, tax, legal, investment, accounting or other professional advice. If professional advice is needed, please seek the services of a professional advisor.

# Summary of COVID-19 Related SBA Loan Options

Prepared by [Terri Johnson, CPA](#) & [Meaghan Likes, CPA](#)

	<b>Economic Injury Disaster Loans</b>	<b>SBA7(a) Loan (Paycheck Protection Program)</b>
Collateral & Guarantees	<ul style="list-style-type: none"> <li>• Personal guarantee is required when &gt;\$200,000</li> <li>• &lt;\$25,000 no collateral necessary</li> <li>• &gt;\$25,000 collateral necessary (if available)</li> </ul>	<ul style="list-style-type: none"> <li>• No personal guarantee is required and no collateral necessary</li> <li>• Borrowers must certify that loan necessary due to uncertainty of economic conditions; they will use funds to retain workers or make lease, rent &amp; utility payments; they are not receiving duplicate funds for same uses</li> </ul>
Deferment	<ul style="list-style-type: none"> <li>• Payments (including principal, interest &amp; fees) will be deferred for a minimum of 11 months</li> </ul>	<ul style="list-style-type: none"> <li>• Lenders required to defer payments (including principal &amp; fees) for a minimum of 6 months and maximum of 1 year</li> </ul>
Documentation Required to Apply	<ul style="list-style-type: none"> <li>• Gross Wages over past 12 months</li> <li>• Gross COGS over past 12 months</li> <li>• Overhead Expenses over past 12 months</li> <li>• Number of Employees as of 1/1/2020</li> </ul>	<ul style="list-style-type: none"> <li>• Total Wages Paid over past 12 months</li> <li>• Overhead Expenses over past 12 months</li> <li>• Proof of Number of Employees as of 2/15/2020</li> </ul>
Additional Documentation To Gather	<ul style="list-style-type: none"> <li>• SBA Form 5</li> <li>• Personal Financial Statement (413)</li> <li>• Schedule of Liabilities</li> <li>• Economic Injury Disaster Loan Supporting Info (P-019)</li> </ul>	<ul style="list-style-type: none"> <li>• 941's for past 4 Quarters</li> <li>• W2s for 2019</li> <li>• Current Lease or Mortgage Documentation</li> <li>• Record of Utility Payments (Electricity, Gas, Water, Telephone &amp; Internet)</li> </ul>
Loan Forgiveness	<ul style="list-style-type: none"> <li>• No loan forgiveness (some eligible loan funds may be consolidated and rolled into PPP loan)</li> <li>• Possibility of the \$10,000 Advance being forgiven</li> </ul>	<p>Borrower can apply for loan forgiveness equal to:</p> <ul style="list-style-type: none"> <li>• Amount spent during 8 week period following loan closing on payroll costs, rent, utilities, &amp; mortgage interest (if mortgage in place prior to 2/15/20)</li> <li>• Amount forgiven reduced proportionally by any reduction in employees retained compared to previous year and by reduction in pay beyond 25% of previous year's pay</li> </ul> <p>Canceled debt will NOT be included in borrower's taxable income Lenders have 60 days from the date of forgiveness application to issue a decision</p>
Funding Timeline	<ul style="list-style-type: none"> <li>• \$10,000 max advance funded in 2-3 weeks</li> <li>• Balance funded 25-35 days after advance</li> </ul>	<ul style="list-style-type: none"> <li>• 2-3 weeks from program launch.... Eventually 1-day funding</li> </ul>

This content is for informational purposes only and is not designed or intended to provide financial, tax, legal, investment, accounting or other professional advice. If professional advice is needed, please seek the services of a professional advisor.