



## COVID-19: SBA DISASTER RELIEF LOANS

### **CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT**

The CARES Act stimulus package provides significant relief to individuals and businesses in the form of tax cuts and rebates, loan assistance, and other financial aid, due to the coronavirus outbreak. The legislation includes many provisions to help support the financial impact of small businesses and large corporations during this

unprecedented time. These tax incentives, loans and grant programs are administered by the Small Business Administration (SBA).

### **Economic Injury Disaster Loans (EIDL)**

The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million at low interest rates that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Businesses in all territories and states are eligible for this loan.

### **2 Paycheck Protection Program (PPP)**

The Paycheck Protection Program provides federally guaranteed loans up to a maximum amount of \$10 million to eligible businesses, which can be partially forgivable to encourage businesses to retain employees through the COVID-19 crisis by assisting in the payment of certain operational costs.

The CARES Act is intended to assist American individuals and businesses in coping with the Coronavirus pandemic. Due to the nature of the crisis, the law was written quickly, had multiple changes in drafts, and is expected to have numerous clarifications in the future. As such, WB will provide, on a reasonable efforts basis, consultative services to clients relative to various loan programs and other benefits available under the recently enacted CARES Act.

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## Paycheck Protection Program (PPP)

## Economic Injury Disaster Loans (EIDL)

<b>Eligibility</b>	Companies with the greater of no more than 500 employees, or their applicable employee size standard for their North American Industrial Classification System, 501 (c)(3) non-profits with fewer than 500 employees. Sole proprietors, the self-employed, and independent contractors Must have been in operation as of 2/15/20	Companies and with not more than 500 employees, including cooperatives, ESOPs, and nonprofit organizations, sole proprietors, the self-employed and independent contractors
<b>Use of Proceeds</b>	Payroll, group health benefits, salary and employee commissions, interest on mortgages, rent, utilities, and interest on debt incurred before February 15, 2020.	Pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.
<b>Maximum Loan Amount</b>	The lesser of \$10,000,000; <b>OR</b> <ul style="list-style-type: none"> <li>For companies that have been in business for a year: the average monthly payroll for the preceding 12 months multiplied by 2.5; <b>OR</b></li> <li>For seasonal businesses: average total monthly payroll costs for a 12-week period from 3/1/19– 6/30/19 multiplied by 2.5; <b>OR</b></li> <li>For companies that were not in business before the period February 15, 2019 – June 30, 2019: the average monthly payroll for the period January 1, 2020 through February 29, 2020 multiplied by 2.5;</li> <li><b>AND</b> the outstanding amount of any emergency loan made from 1/31/20 until 3/27/20.</li> </ul>	Up to \$2,000,000
<b>Interest Rate</b>	Maximum 1%	2.75% Non-Profits 3.75% For-Profits
<b>Term</b>	2-year term after forgiveness	Up to 30 years. Terms case-by-case
<b>Need Bank Lender</b>	Yes	No
<b>Deferred Payments</b>	Deferment permitted for up to one year	Deferred for one year
<b>Collateral</b>	No collateral required	Collateral required for loans over \$25k

## GUIDANCE THROUGH A GLOBAL PANDEMIC

Windham Brannon can guide business owners to the best possible solution for their business based on the circumstances of their situation. There is no one-size fits all answer, and decisions must be made based on the facts and circumstances of the business owner's situation. Let us help guide you through the process.



### CONTACT US

Please contact your Windham Brannon Advisor, or email us at [covid19advisory@windhambrannon.com](mailto:covid19advisory@windhambrannon.com).

You can also visit our COVID-19 Resource Center at [www.windhambrannon.com](http://www.windhambrannon.com).