

SUMMARY OF LOANS AVAILABLE FOR SMALL BUSINESSES IN RESPONSE TO COVID-19 DISASTER

ECONOMIC INJURY DISASTER LOAN^{1,2}

Overview:

The Economic Injury Disaster Loan ("EIDL") is a loan made directly by the US Small Business Administration to Borrowers that have suffered economic injury as a result of the COVID-19 disaster. Borrowers can apply directly to SBA without Lender assistance.

Loan Amount:

Up to \$2,000,000 depending on SBA's calculation of the economic impact. An initial indicator of possible loan amount is prior year Gross Profit / 2.

Use of Proceeds:

General working capital, not to include fixed asset purchase and / or debt refinance.

Debt Forgiveness: None.

Term of Loan:

No payments during the initial 12 months, thereafter payments of principal and interest over the remaining 29 years of a 30 year Term.

Interest Rate: 3.75% fixed.

Collateral: Unknown, at the discretion of SBA.

Recourse:

EIDL to be guaranteed by each 20% or more owner of Borrower.

Application:

Borrowers can apply now directly at sba.gov/disaster.

Documentation:

Year end 2019 financial statement, personal financial statement, Form 4506-T, other info as requested by SBA.

PAYCHECK PROTECTION LOAN^{1,2} ★ Updated 4-1-2020

Overview:

The Paycheck Protection Loan is a loan created as part of the CARES Act. It is a loan made by a Lender upon receipt of a simplified application package. If proceeds from the loan are used as intended, up to 100% of the Loan Amount may be forgiven.

Loan Amount:

2.5x trailing 12-month average monthly Payroll, not to exceed \$10,000,000. Payroll includes wages, healthcare benefits, retirement benefits, etc.

Use of Proceeds:

Proceeds can only be used for payroll, rent, utilities and interest on mortgages and other business debt.

Debt Forgiveness:

In the first 8 weeks post closing, in general, the amounts used for payroll, rent, utilities and interest on mortgages and other business debt will be forgiven. Debt forgiveness is not taxable.

Term of Loan:

The amount of the PPL that is not forgiven will be repaid as follows: months 1-6, no payments; months 7-24 payments of principal and interest.

Interest Rate: 0.50%.

Collateral: None.

Recourse: None.

Application:

Within 30 days of the CARES Act being signed into law, Borrowers can apply directly through VelocitySBA.

Documentation:

Year-end 2019 financial statement, 2/28/19 financial statement, 2/29/20 financial statement, NAICS Code, proof of current FTEs.

1. Provided EIDL loan proceeds are not used for Payroll, rent, utilities and interest on mortgages and other business debt, Borrowers can apply for both the Economic Injury Disaster Loan and the Paycheck Protection Loan. 2. Borrowers are strongly encouraged to apply for both the Economic Injury Disaster Loan and the Paycheck Protection Loan (when available).

