

The CARES Act: Comparing SBA Loan Programs Under EIDL and PPP

	Economic Injury Disaster Loan (EIDL)	Paycheck Protection Program (PPP)
Covered Period	January 31, 2020 – December 31, 2020	February 15, 2020 – June 30, 2020
Loan amount	Up to \$2 million	Up to 2.5 months of payroll cost with a maximum of \$10 million
Interest rate	3.75% for businesses; 2.75% for nonprofits	1%
Term/maturity	Up to 30 years	Up to 10 years by statute, but the SBA indicates most loans will be 2 years
Deferred Payments	Automatic deferral of principal/interest for all of 2020; up to one year	Automatic deferral of principal/interest payments for six months
Eligibility	<ul style="list-style-type: none"> • Small businesses in all U.S. States and territories, including sole proprietors or independent contractors • Internationally owned organizations located in the U.S. • Private nonprofit organizations • Small agricultural cooperatives • Tribal small business concerns • ESOPs • Fewer than 500 employees 	<ul style="list-style-type: none"> • Small businesses in all U.S. States and territories, including sole proprietors, independent contractors and eligible self-employed individuals • Internationally owned organizations located in the U.S. • 501 (c)(3) nonprofit organizations • 501 (c)(19) veterans organizations • Tribal small business concerns • Fewer than 500 employees in most instances, more in certain industries
Application	<ul style="list-style-type: none"> • Issued by the SBA, approval solely on credit score and financial need • Loan fees, requirement to show need, and one-year of operations waived 	<ul style="list-style-type: none"> • Issued directly by SBA-approved banks • Loan fees waived • Most banks to start accepting applications 4/3/20 or the week of 4/6/20
Can be used for	Working capital, inventory, equipment purchases, real estate payments, and other operating expenses	Payroll costs, mortgage interest, rent, and utility expenses
Collateral	Collateral required for loans more than \$25,000, but SBA is waiving collateral requirements in many cases	No collateral
Personal guaranty	Required for loans more than \$200,000 by owners of greater than 20%	None
Forgiveness/grants	Emergency grant up to \$10,000	SBA will provide eight weeks of loan forgiveness for funds applied to payroll cost, mortgage interest, rent, and utility expenses incurred after receiving funding