# Comparing SBA COVID-19 Loans

<table>
<thead>
<tr>
<th>Program</th>
<th>Economic Injury Disaster Loan (EIDL) Program</th>
<th>Paycheck Protection Program (PPP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount(s)</td>
<td>Maximum EIDL amount is $2 million for a working capital loan; Businesses are also eligible for an emergency $10,000 grant through December 31, 2020.</td>
<td>The PPP provides small businesses with loans of up to 2.5 times the borrowers monthly payroll costs not to exceed $10 million to help cover payroll and other operating expenses.</td>
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| Loan Parameters | • Loan rate of 3.75% for businesses and 2.75% for nonprofits with up to a 30-year term.  
• Payments on COVID-19 EIDL loans are deferred for one year.  
• Up to $200,000 can be approved without a personal guarantee  
• Approval can be based on a credit score and no first-year tax returns are required.  
• Borrowers do not have to prove they could not get credit elsewhere.  
• No collateral required for loans of $25,000 or less. For loans over $25,000, general security interest in business assets will be used for collateral instead of real estate.  
• Borrowers must allow the SBA to review its tax records. | • Loan rates are fixed at 1%.  
• All loans are deferred for 6 months; however, interest will continue to accrue over this period.  
• Loans are due in 2 years under the PPP, but can be paid off earlier than the 2-year deadline  
• All terms for PPP loans are the same for every borrower.  
• Loans will be available from April 3, 2020 to June 30, 2020. However, to be able to have the full 8 weeks of allowable costs forgiven, applicants should apply before May 5, 2020.  
• Independent contractors and those who are self-employed can begin applying on April 10, 2020. |
| Is the loan forgivable? | No, but the $10,000 emergency grant is. | Loans are forgiven as long as the loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made; and that employee and compensation levels are maintained.  
You will owe money if you use the loan for anything other than the uses listed above, or if you do not maintain staff and payroll. |
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| **Covered Costs**            | Loans can be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. | Loans can be used for the following:  
|                              | Borrowers who receive the $10,000 emergency grant and secure a PPP loan, will have this amount subtracted from the forgiveness amount. The PPP prohibits borrowers from taking out two loans for the same purpose. | • Payroll costs, including benefits*  
• 25% of loans can also be used for:  
• Interest on mortgage obligations, incurred before February 15, 2020;  
• Rent, under lease agreements in force before February 15, 2020; and  
• Utilities, for which services began before February 15, 2020. |
| **Who Can Apply?**           | The following entities that have suffered substantial economic injury caused by a disaster, provided a business was in existence on January 31, 2020 are eligible:  
|                              | • Businesses with fewer than 500 employees.  
• Cooperatives, Employee Stock Ownership Plans (ESOPs), and tribal businesses with fewer than 500 employees.  
• Sole Proprietors  
• Independent Contractors  
• Most private nonprofits | • Small business with fewer than 500 employees.  
• Small business that otherwise meets the SBA's size standard.  
• A 501(c)(3) with fewer than 500 employees.  
• An individual who operates as a sole proprietor, an independent contractor, or is self-employed and regularly carries on any trade or business.  
• Tribal business concern that meets the SBA size standard  
• 501(c)(19) Veterans Organization that meets the SBA size standard  
• Special Rules may also apply for eligibility |
| **How to Apply**             | Visit https://www.sba.gov/funding-programs/disaster-assistance | Borrowers can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. |