

SPECIAL GOVERNMENT LOAN PROGRAM COMPARISON



Economic Injury Disaster Loan (EIDL)		Paycheck Protection Program (PPP)
Lender	SBA Directly	The Callaway Bank
Amount	Applicants who apply for this loan may request an advance of up to \$10,000 from the SBA. The advance will be distributed within 3 days. Applicants are not required to repay this advance if they are subsequently denied a loan.	Up to \$10 million based on: <ul style="list-style-type: none"> • 2.5x the average monthly “payroll” costs, measured over the 12 months preceding the loan origination date. Seasonal business may use the period February 15, 2019 – June 30, 2019 or March 1, 2019 – June 30, 2019 to calculate the average payroll • If you took out the EIDL loan between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the “payroll” sum. • Payroll includes salaries, commissions, tips, certain employee benefits (including health insurance and retirement benefits), state and local taxes and certain types of compensation to sole proprietors or independent contractors. Payroll costs specifically exclude compensation of an individual employee in excess of an annual salary of \$100,000, foreign employees, FICA and income tax withholdings
Qualification	Small businesses. There are several standards the SBA uses to define a small business, and it varies by industry. As a general guide, less than 500 employees and \$35 million in revenue would typically qualify. Applicants for SBA loan programs typically must include their affiliates when applying size tests to determine eligibility. This means that employees of other businesses under common control would count toward the maximum number of permitted employees	<ul style="list-style-type: none"> • Businesses and entities must have been in operation on February 15, 2020 and have 500 or fewer employees. There are some exceptions based on industry – see below: • Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals. • Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72 (Accommodation and Food Services companies) • Affiliation rules are also waived for franchises with codes assigned by the SBA, as reflected on the SBA franchise registry and businesses that receive financial assistance from one or more small business investment companies (SBIC)
Rate	3.75% for Businesses; 2.75% for Non-Profits	Still to be determined; not to exceed 4%
Term	Up to 30 years	Up to 10 years
First Payment	One year after the loan origination date (interest is accrued during the deferment)	Six months after the loan origination date (interest is accrued during the deferment)

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Purpose	Financial obligations and operating expenses that could have been met had the disaster not occurred	Payroll costs (as defined above), group healthcare benefits, insurance premiums, and interest (but not principal) on mortgages or other debt incurred prior to February 15, 2020, rent on any lease in force prior to February 15, 2020 and utility payments.
Collateral	The SBA will place a UCC lien against the assets of the business	None
Personal Guarantee	Yes, for loans > \$200,000, owners of > 20% of the business, managing members of LLCs, managing partners of LPs. However, no liens will be taken against real estate owned by the guarantor	None
Fees	None	No prepayment penalty and borrower/ lender fees waived
Forgiveness	None	Yes – calculated as the amount spent by the borrower during an 8-week period after the origination date of the loan on: payroll costs (as defined above), interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020. Payroll costs are subject to the same exclusions as noted above.
Need 2019 Taxes?	No, 2019 Taxes do not have to be filed prior to applying for the loan. However, businesses will be asked to submit IRS form 4506T, which provides the SBA with access to historical tax returns	No. Extension deadline moved to July, 2020
Timeline	2-3 weeks plus an additional 5 days for funding	Not yet determined; likely within five business days
Availability	The application process is live, and loans are available now. There is no obligation to accept the loan if you qualify. The SBA typically allows 60 days to accept the loan offer, but you can always extend this if needed. Therefore, it is better to apply ASAP.	Specific details on the application process are still being developed by the United States Treasury but you will be able to do so directly with The Callaway Bank beginning April 3, 2020, for small businesses and April 10, 2020, for independent contractors and self-employed individuals. The application form is available on our website under the “COVID-19” tab, or at callawaybank.com/coronavirus .

In addition to the above, the limit for SBA Express loans has been increased to \$1 million (from \$350,000) through 12/31/2020 and existing 7(a) borrowers may be eligible for 6 months of payment deferral.

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