

COMPARISON OF TWO DIFFERENT FEDERAL DISASTER RELIEF AND STIMULUS PACKAGE OPTIONS FOR COVID-19 ECONOMIC RELIEF FOR NONPROFITS AND SMALL BUSINESSES

OPTION A: ECONOMIC INJURY DISASTER LOANS (EIDL)	QUESTIONS	OPTION B: PAYCHECK PROTECTION PROGRAM LOANS (PPP)
Nonprofits and small businesses	Who can apply?	Nonprofits and small businesses
Directly online now with SBA (Small Business Administration): https://disasterloan.sba.gov	How to apply?	Through SBA approved banks and financial institutions – check participation and timing for applying with your banker
Loan amount set by SBA based on economic injury to borrower between 1/31/2020 (date of National Disaster Declaration) and 12/31/2020 up to \$2M	What is the loan amount?	2.5 times the average monthly payroll costs during the 2/15/2019 – 6/30/2019 timeframe if in business during that time; if not, use 1/1/2020 – 2/29/2020 timeframe to determine monthly payroll costs – exclude any individual compensation over \$100K from the calculation. Example: \$20k average payroll = \$50k max loan
Most operating expenses during 1/31/2020 – 12/31/2020 (cannot be used to refinance long term debts)	Eligible use of funds?	During the 2/15/2020 – 6/30/2020 timeframe: <ol style="list-style-type: none"> 1. Payroll/benefit cost under \$100k/employee 2. Mortgage interest payments or rent 3. Utility payments 4. Interest on other preexisting debts 5. Refinancing of a previous Covid-19 EIDL
No loan forgiveness (but see emergency cash grant below)	Can the loan be forgiven?	Purpose of program is to protect employees, so full amount can be forgiven if employees are retained/rehired at similar salaries by 6/30/2020. Separate application is required, and amount forgiven is proportionally reduced by percentage of employees not retained, rehired, or similarly compensated.

Yes – \$10k in 3 days if requested at time of application; reduces Paycheck Protection Program forgiveness	Can you get an Emergency Cash Grant?	No emergency disbursement provided
2.75% for nonprofits, 3.75% for small businesses	What is the interest rate?	Up to 4%
Repayment term set by SBA based on the borrower’s ability to repay up to 30 years	What is the loan term?	Up to 10 years
No cost to apply	What is the cost to apply?	No cost to apply
12 months	What is the deferment period before repayments begin?	6-12 months set by bank
Loans over \$200k must be guaranteed or secured by collateral	Is a personal guarantee or collateral required?	No guarantee or collateral required
No	Is there a prepayment penalty?	No
1. In business before 1/31/2020 2. Impacted by Covid-19	Are there other requirements?	1. In business before 2/15/2020 2. Impacted by Covid-19

Notes: Both an Economic Injury Disaster Loan and a Paycheck Protection Program Loan can be applied for and received as long as the costs being paid by the two loans are different, but there is no allowed “double dipping” for the same covered costs with either these two loan programs or any other federal program. Also note that as of the date of preparation of this comparison chart (3/30/2020), SBA has not yet published the detailed program guidelines for the Paycheck Protection Program, so further details on this chart will be updated as they become known.

For questions about this comparison chart, contact J. Laurens Tullock, President of Tullock Consulting LLC, at ltullock@tullockconsulting.com.