

Side-by-Side Comparison of Emergency Loan Programs Administered through the CARES Act, SBA, and MN DEED

	Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	SBA Economic Injury Disaster Loan (EIDL) Assistance	Minnesota DEED Small Business Emergency Loan Program
Available now?	NOT YET. Bill was passed by Congress and sent to the President March 27, 2020.	YES.	YES.
Terms	<ul style="list-style-type: none"> \$350 billion in available funds Loans up to \$10,000,000. Interest rate capped at 4%. No personal guarantee or collateral requirement. No requirement that business cannot obtain credit elsewhere. 	<ul style="list-style-type: none"> Loans up to \$2,000,000. Term not to exceed 30 years. Interest rate of 3.75% for small businesses; 2.75% for non-profits No collateral is required for loans of \$25,000 or less. Collateral is required for loans over \$25,000 (Loan will not be declined for lack of collateral if SBA is reasonably sure business can repay the loan). 	<ul style="list-style-type: none"> \$30 million in available funds. Loans from \$2,500 to \$35,000. 0% interest rate.
Covered period	February 15, 2020 – June 30, 2020	N/A	N/A
Eligibility requirements	<ul style="list-style-type: none"> Businesses in operation as of February 15, 2020. Any business or nonprofit with up to 500 employees. Sole proprietorships, independent contractors, and certain self-employed individuals. Lodging and food businesses with physical locations that employ no more than 500 employees per location. <p>Applicants must certify that:</p> <ul style="list-style-type: none"> Current economic conditions necessitate the loan request; The funds will be used to retain workers and maintain payroll or make mortgage, lease, and utility payments; and The applicant does not already have a pending loan application for, and from February 15, 2020 to December 31, 2020 has not received a loan for, the same purpose and amounts. 	<ul style="list-style-type: none"> Classification as a “small business” is based on the annual receipts or the number of employees for the applicant’s primary industry statutory NACIS size standards. If an applicant is an affiliate, then the analysis will combine the applicant’s and affiliate’s size and use the size standard of whichever entity’s primary industry is higher. SBA Tool to Check Business Size. A “private non-profit organization” is a non-governmental agency or entity with tax exemption under IRS sections 501(c), (d), or (e), or that gives satisfactory evidence that it is a non-profit under state law. No business size restrictions. 	<ul style="list-style-type: none"> Be a Minnesota small business. Operating long enough to show financial viability. Be current on financial obligations as of March 1, 2020. Provide collateral or personal guarantee for at least 20% of loan. Prove adverse impact from Executive Orders 20-04 and 20-08 (mandating closure of restaurants, bars, theaters, salons, fitness centers, etc.).
Eligibility restrictions	A recipient of an SBA EIDL loan since January 31, 2020 that is for a purpose other than paying payroll costs or making other payments described herein may also receive assistance under the CARES Act.	<ul style="list-style-type: none"> If a business receives an SBA EIDL for payroll support related to COVID-19, it cannot receive a CARES Act loan for the same purpose. Must be unable to obtain credit elsewhere. 	<ul style="list-style-type: none"> Must have been denied credit by a lender and have sought, or be in the process of seeking, SBA EIDL assistance. Must have claimed all applicable private insurance and used all other sources of applicable private and public assistance. Loans cannot be provided to businesses that lack current or historical financial statements or that derive income from passive investments without operational ties to operating businesses or from gambling or adult-oriented activities.
Maximum loan amount	<p>The lesser of:</p> <ul style="list-style-type: none"> \$10,000,000, or 2.5 times the average monthly payroll costs incurred by the applicant during the one-year period before the loan is made (or for seasonal employers, the 12-week period starting February 15, 2019, or at the seasonal employer’s election, the period from March 1, 2019 to June 30, 2019). <p>If the applicant has received an SBA disaster loan since January 31, 2020, the balance of that loan is included in the maximum loan amount and refinanced to be included later with this loan.</p>	\$2,000,000	\$35,000
Guarantee	100% of each loan, including any balance remaining after loan forgiveness.	N/A	Up to 80% of each loan.
Permitted uses	<ul style="list-style-type: none"> Payroll costs, employee salaries, costs related to the continuation of group health care benefits during leave periods; Mortgage interest, rent and utility payments; Insurance premiums; and Interest on other debt obligations incurred before the covered period. <p>“Payroll costs” exclusions include: (1) compensation for an individual employee over \$100,000 per year, prorated for the covered period; (2) federal taxes for federal insurance contributions, railroad retirement tax, and income tax contributions; and (3) qualified sick or family leave wages for which credits are given under the Families First Coronavirus Response Act.</p>	To help meet working capital needs or normal business operating expenses.	To help pay operating expenses.
Repayment requirements	<ul style="list-style-type: none"> Payments can be deferred for 6 months up to one year. The balance (after any loan forgiveness) is payable over 10 years from the date of application for loan forgiveness. 	Repayment terms are based on the business’s ability to repay the loan.	<p>Monthly payments over 5 years; first payment deferred 6 months.</p> <p>NOTE: If loan recipients receive other financing, then this loan must be repaid expeditiously.</p>
Forgivable?	Yes. Up to the amount spent on payroll costs and mortgage interest, rent, or utility payments (for mortgages, leases and utility services in place prior to February 15, 2010) during the 8-week period beginning the day the loan was received.	No.	Yes. Potential partial forgiveness up to 50% of the loan if (1) the DEED Commissioner approves and (2) the business operates at substantially the same level for two years following loan disbursement.
Reductions in/limits of forgiveness:	<ul style="list-style-type: none"> Reduction for reducing staff: <ul style="list-style-type: none"> The amount forgiven will be reduced in proportion to the difference in the average number of full-time employees employed between February 15, 2020 and June 30, 2020 and, at the borrower’s election: (i) February 15, 2019 and June 30, 2019 or (ii) January 1, 2020 and February 29, 2020 (or for seasonal employers, February 15, 2019 and June 30, 2019). Reduction for reducing wages: <ul style="list-style-type: none"> The amount forgiven will be reduced in proportion to the reduction in pay of any employee in excess of 25%, as compared to the employee’s pay during the most recent full quarter of employment prior to February 15, 2020. This is limited to employees earning up to \$100,000/year. If employees are rehired or wages reinstated by June 30, 2020, the reductions in loan forgiveness described above will not apply. Loan forgiveness cannot exceed the principal loan amount. 	N/A	N/A
Application requirements	<ul style="list-style-type: none"> Apply through qualified lenders. The application process is not yet available. <p>Loan forgiveness application must include:</p> <ul style="list-style-type: none"> Documentation of the number of employees on payroll during the loan period and prior comparison period, including payroll tax and state income, payroll, and unemployment insurance filings; Documentation of mortgage, lease, and utility payments; Certification that documentation is true and correct and the amount for which forgiveness is sought was used to retain employees, make mortgage interest, rent or utility payments; and Any other documentation SBA requires. <p>Decision timeframe: 60 days.</p>	<ul style="list-style-type: none"> Submit an application online or by mail to SBA. Once approved, a participating lender may administer the loan. Two to three week response time and disbursement of at least \$25,000 within five days of receipt of loan closing documents. 	<ul style="list-style-type: none"> Submit applications through a certified lender in your county. These loans will be made by an existing network of lenders DEED works with across the state.
Other provisions	<ul style="list-style-type: none"> No fees collected. No prepayment penalty. Deferral: Lenders must defer payments for impacted borrowers with covered loans for a minimum of 6 months up to 1 year. <ul style="list-style-type: none"> An “impacted borrower” is a company in operation on February 15, 2020, with a loan application that is approved or pending approval on or after enactment of the Act. Impacted borrowers are presumed to have been adversely impacted by COVID-19. Express Loans: Cap on Express Loans raised from \$350,000 to \$1,000,000 until January 1, 2021, when cap reverts to \$350,000. Payroll taxes <ul style="list-style-type: none"> Payment of payroll taxes deferred between the date Act is enacted and January 1, 2021. Payment of payroll taxes deferred during this period would be due: 50% by December 31, 2021, with the remaining amount due by December 31, 2022. 	<p>Emergency EIDL Grants: Small businesses, nonprofits, sole proprietors, independent contractors, tribal business, cooperatives, and ESOPs that apply for an SBA EIDL loan, may be eligible for an EIDL Grant.</p> <ul style="list-style-type: none"> Advances of up to \$10,000 Business must have been in operation on January 31, 2020. May be used to provide paid sick leave to employees, maintain payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Grant provided within three days of applying for the loan. No repayment requirement, even if the grantee is subsequently denied an SBA EIDL loan. If the business receives a CARES Act loan, the EIDL Grant is subtracted from the amount of the CARES Act loan forgiven. 	<ul style="list-style-type: none"> The equivalent of 10% of the loan must be paid to the lender to finance administrative costs. If a loan is approved, the business must provide the following before funds will be disbursed: <ul style="list-style-type: none"> Loan agreement Promissory note Security agreement Personal guarantee(s) Industry-specific data about business operations prior to the emergency declaration.