



April 1, 2020

Dear Clients, Friends, & Family:

There are new SBA loan programs for businesses that have been or will be affected by COVID-19 related factors. We have summarized both programs that are currently being offered so that you can consider the best options for your business.

1. **Economic Injury Disaster Loans (EIDL)**

- Pre-existing loan program for federal disasters, which was modified by the CARES Act
- Loan up to \$2 million
- Fixed Interest Rate of 3.75%
- Maximum term of 30 years
- Loan proceeds can be used to pay existing debt, payroll, rent, and other operating costs
- Loans are processed directly by the SBA
- Loans over \$200,000 must be personally guaranteed
- An emergency grant up to **\$10,000** is available within days of request, which may be **forgiven**. The SBA website direct link is <https://covid19relief.sba.gov>

2. **Paycheck Protection Program (PPP)**

- Loan program created by CARES Act
- Loan either the smaller of 2.5 times the average monthly payroll costs or \$10 million
- Interest Rate up to 4%
- Maximum term of 10 years
- Payments can be deferred from 6 to 12 months
- Loan proceeds can be used for various payroll costs, health care benefits, pension benefits, rent, mortgage, utilities and can possibly repay previous EIDL loans
- **Tax free loan forgiveness provisions** based on actual expenditures for allowable costs over **8 week** measurement period following funding.
- No personal guarantee required or credit check
- Loans are obtained directly through participating banks and lending institutions
- SBA provides regulations
- This loan is **not available** for paying the same expenses as an EIDL loan

The PPP loan appears to be more of a benefit to businesses that are still operating. We recommend you reach out to the bank that your business currently uses for its operating accounts. If you do not have a contact at your bank, please let us know and we may be able to provide one for you. We are here to assist you through this process and can provide any financial information that you may require.

Sincerely,  
*Moscato Certified Public Accountants*