

Pandemic Relief Loans: A Quick Overview

What's going on? In response to the pandemic, the government is providing many types of financial assistance, including low-interest loans for businesses and non-profits.

What are my loan options? The two main relevant options are the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL). For others, visit [the SBA website](#).

DIFFERENCES	EIDL	PPP
Who lends?	The government lends to you directly	You borrow through approved banks
Maximum	Up to \$2 million, based on your size, credit history, how much the pandemic impacted your business, and other factors	2.5x average monthly payroll costs, up to \$10 mil. maximum
Interest rate	Businesses: 3.75%, non-profits: 2.75%	1%
Term	Up to 30 years	2 years
1st payment due	After 1 year	After 6-12 months
What can it be used for?	Payroll, certain debts and expenses incurred due to the pandemic	Payroll costs (including benefits), mortgage interest, rent and utilities
Collateral	Required on loans over \$25,000	Not required
Personal guarantee	For loans over \$200,000, required for owners of >20% of the business	Not required
Might be a good fit if you...	Have low (or zero) payroll, or if you need money within a few days	Want the lowest interest rate, or want to avoid a personal guarantee
Application process	Click here for details	Click here for details

Which loans am I eligible for? Almost all BooksTime clients are eligible for both loan types. Both are available to businesses and non-profits in all 50 states. However, even if you're eligible for both, you can't use both to cover the same expenses. Note: some real estate developers and specific types of religious and political organizations are excluded from EIDLs.

I hear I can get "free money" -- is that true? There's no such thing. However, when people are talking about free money, they probably have the following provisions in mind:

- **EIDL:** You can get an advance on the loan of up to \$10,000 within 3 days after applying. This advance doesn't need to be repaid, even if your application is denied.
- **PPP:** Part of a PPP loan can be forgiven (i.e. doesn't need to be repaid): specifically, your total payroll costs, mortgage interest, rent and utilities in the 8 weeks after getting the loan. At least 75% of the forgiven amount must be payroll. The forgiven amount is reduced if you lay off employees or reduce wages (and don't re-hire or restore wages).



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