COMPARISON OF CARES ACT LOAN PROGRAMS

Updated 4.9.2020

	Paycheck Protection Program Loans (Section 1101-1109 of the CARES Act)	Economic Injury Disaster Loans (Coronavirus Preparedness and Response Supplemental Appropriations Act and Section 1110 of the CARES Act)	Main Street Loan Program (Sections 4003(b)(4) and (c) of the CARES Act) for Small and Mid-Size Businesses	Industry-Specific Loan Programs (Sections 4003-4020 of the CARES Act)
Lenders	Existing lenders approved by the Small Business Administration ("SBA") and additional federally-regulated financial institutions that elect to participate. Go here to find a lender or contact your current bank to see if they participate.	Loans made directly by the SBA with an online application.	U.S. insured depository institutions, U.S. bank holding companies, and U.S. savings and loan holding companies.	Department of Treasury ("Treasury") and financial institutions approved by Treasury, which may include community banks and credit unions.
Borrower Eligibility	Borrower must (i) employ 500 or fewer employees, (ii) qualify as a "small business concern" under the SBA regulations (a limit higher than 500 employees may apply based on the borrower's NAICS code (see here)), or (iii) meet the SBA's "alternative size standard" (maximum tangible net worth of $15 million and average net income after Federal income taxes (excluding carry-over losses) for the 2 prior fiscal years of no more than $5 million). Eligible borrowers can include 501(c)(3) and veterans' nonprofits where practicable. The business is aggregated with any "affiliates" under common control when determining its size (the SBA takes an expansive view of "control" and a case-by-case factual analysis should be undertaken, particularly with respect to businesses with institutional investors).	Borrower must be a "small business concern" as measured by annual revenue or employee headcount determined by the SBA (by industry, depending on NAICS code). Eligibility requirements are subject to the SBA's "affiliation" rules.	Borrowers can be any business with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues. The borrower must also be an entity or business domiciled and created or organized in the U.S., with significant operations in the U.S. and a majority of its employees located in the U.S. The borrower also must not be a participant in the Federal Reserve's Primary Market Corporate Facility, in which the Federal Reserve backstops corporate debt issued by eligible issuers. Borrowers must attest that they require financing due to the exigent circumstances presented by the COVID-19 pandemic and that they meet an EBITDA leverage test (see below).	Borrower must be classified as being one of the following: (i) an air carrier (as defined in 49 U.S.C. 40102) or provider of aircraft inspection, repair, replacement, and overhaul services; (ii) a cargo air carrier; or (iii) a business critical for national security. In addition, the borrower must have incurred or be expected to incur covered losses such that the continued operations of the business are jeopardized. See also the payroll support program for air carriers and contractors, details of which can be found here.

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	Otherwise ineligible hospitality and food service businesses (NAICS Code 72) remain eligible to the extent they employ no more than 500 people per *physical location* and have under $500 million in gross revenue. SBA "affiliation" rules apply, except for certain NAICS Code 72 businesses, franchises, and certain companies that have received or are receiving Small Business Investment Company assistance.			
Credit Eligibility	The business must have been in operation on February 15, 2020, had employees for whom the borrower paid salaries and payroll taxes, or paid independent contractors, as reported on form 1099-MISC. "Credit elsewhere" considerations waived, and creditworthiness and repayment ability will not be tested.	Business must have substantial economic injury such that it is unable to meet its obligations as they mature or to pay its ordinary and necessary operating expenses (loss of profits/sales alone insufficient). "Credit elsewhere" considerations waived for EIDLs obtained in response to COVID-19.	Borrower's EBITDA leverage must be such that, when the new loan is added to the borrower's existing outstanding and committed but undrawn debt, the borrower's aggregate existing and available credit facilities do not exceed 4 times the borrower's 2019 EBITDA.	The intended loan must be "prudently incurred" by the borrower and be "sufficiently secured." Alternative credit must not be reasonable available to the borrower at the time of the transaction. Additional eligibility requirements may be established through the regulations giving effect to this program.
Loan Limit	Up to the lesser of (i) $10M or (ii) 250% times (a) the borrower's average monthly payroll costs[1]	Emergency grants - up to $10,000	Minimum of $1 million, maximum of the lesser of (i) $25 million, (ii) 30% of the borrower's existing outstanding and	None specified

[1] "payroll costs" includes the following:
- Salary, wages, commissions, or tips;
- employee benefits including costs for vacation, parental, family, medical, or sick leave and allowance for separation or dismissal;
- payments required for the provisions of group health care benefits including insurance premiums;
- payment of any retirement benefit; and
- state and local taxes assessed on compensation; and

excludes the following:
- compensation above $100,000 per annum for any person (pro-rated for the applicable period);
- federal wage withholding taxes and certain federal employment taxes for the period;

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	during the year prior to the making of the loan (or a shorter period, for seasonal employers) or (b) if not in business during that time, between January 31, 2020 and the date the loan is made.	EIDLs - up to $2 million, based on actual economic injury due to COVID-19 and the financial needs of the business.	committed but undrawn bank debt, or (iii) an amount that, when the new loan is added to the borrower's existing outstanding and committed but undrawn debt, the borrower's aggregate existing and available credit facilities do not exceed 4 times the borrower's 2019 EBITDA.	
Maximum Interest Rate	Maximum interest rate of 4%, but actual rate has been set at 1.0% by the SBA and Treasury Department.	Fixed interest of up to 3.75% (2.75% for private nonprofit organizations)	Maximum interest rate of 2% for direct loans. Federal Reserve is applying a maximum rate equal to the secured overnight financing rate (SOFR) plus 2.4%-4%.	Interest at a rate that is no less than what would have applied under market conditions for comparable loans made prior to the outbreak of COVID-19.
Loan Fees	No origination or other fees to be charged to the borrower. No prepayment penalty.		Origination fee of 1% of the principal amount to be paid by the borrower. Prepayment permitted without penalty.	
Collateral Requirements	Between February 15, 2020 and June 30, 2020, no collateral and no personal guarantees will be required.	All loans over $200k may require personal guarantees of principals. All loans over $25k may require collateral.	Loans made on or after April 8, 2020 are to be unsecured.	Loans are to be secured to a level that reflects the risk of the loan.
Use Restrictions	Yes, proceeds may be used for payroll costs, health benefits, employee salaries, commissions, or similar compensations, mortgage payments, rent, utilities, and pre-existing debt obligations	Proceeds may be used for working capital, including fixed debts, payroll, accounts payable, sick leave, and other obligations that cannot be met because of COVID-19's impact.	Borrower must attest that, using the proceeds of the loan, it will make reasonable efforts to maintain its payroll and retain its employees during the term of the loan. Proceeds may not be used to repay or refinance pre-existing loans or lines of credit made by the lender to the borrower, or any other loan balances.	None specified.
Forgiveness	Yes, forgiveness is to be provided for the portion of the loan principal used to pay up to 8 weeks' payroll	Not applicable, but separate EIDL grants need not be repaid.	Not permitted.	None specified.

- sick leave and family leave wages for which a credit is allowed under the Families First Coronavirus Response Act; and
- any compensation of an employee whose principal place of residence is outside of the United States.

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	costs, mortgage interest, and rent, subject to certain limitations. Forgiveness of non-payroll costs will be limited to 25% of the loan amount.			
Operating Restrictions	None. Forgiveness may be limited based on headcount reductions (or salary or wage decreases) during the 8-week period after the loan is made.	None.	The borrower must attest that it will not seek to cancel or reduce any existing lines of credit with the lender or other lenders, and that it will not use loan proceeds under this program to repay other debt of equal or lower priority until this loan is first repaid in full, with an exception allowed for mandatory principal payments on other debt. In addition, the borrower must agree that: • until 12 months after the loan is no longer outstanding, it will not repurchase listed equity securities (including securities issued by the borrower's parent), except to the extent required under a contractual obligation in existence as of March 27, 2020; • until 12 months after the loan is no longer outstanding, it will not pay dividends or make other capital distributions with respect to the common stock of the business (no exception for pre-existing obligations); and • from the date of the loan through one year after the loan is repaid, the borrower will not pay "total compensation" (including salary, bonuses, stock, and other financial benefits provided to the officer or	• The borrower may not repurchase equity securities that are listed on a national exchange (whether issued by the borrower or any parent company) while the loan is outstanding, except to the extent required under a contractual obligation that is in effect as of March 27, 2020; • the borrower may not pay dividends or make other capital distributions with respect to common stock while the loan is outstanding, except to the extent required under a contractual obligation in existence as of March 27, 2020; • until September 30, 2020, the borrower shall maintain its employment levels as of March 24, 2020, to the extent practicable, and in any case shall not reduce its employment levels by more than 10% from the levels as of March 24, 2020; and • the borrower must comply with compensation limitations set forth in Section 4004 of the CARES Act from the date of the loan through one year after the loan is repaid, which impose the following caps on "total compensation" (including salary, bonuses, stock, and other financial

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			employee) or severance to officers or employees whose total compensation exceeded $425,000 in 2019, or $3 million in 2019, in excess of the following amounts: ○ compensation for officers and employees compensated in amounts over $425,000, but less than $3 million, in 2019 is capped at the total compensation level they received in 2019; and ○ compensation for officers and employees compensated over $3 million in 2019 is capped at the sum of (i) $3 million plus (ii) 50% of the amount received by the officer or employee in 2019 that was in excess of $3 million. Borrowers also must attest that they are eligible to participate in the program, including in light of conflict of interest prohibitions provided in Section 4019(b) of the CARES Act.	benefits provided to the officer or employee) and severance for officers or employees whose total compensation exceeded $425,000 in 2019, or $3 million in 2019: ○ officers and employees compensated in amounts over $425,000, but less than $3 million, in 2019 would have their compensation capped at the total compensation level they received in 2019; and ○ officers and employees compensated over $3 million in 2019 would have their compensation capped at the sum of (i) $3 million plus (ii) 50% of the amount received by the officer or employee in 2019 that was in excess of $3 million.
Payment Deferral	Complete payment deferral for 6-12 months. Pursuant to SBA regulations, deferral is limited to 6 months.	Not addressed by the CARES Act	Amortization of principal and interest deferred for 12 months.	Not specified
Loan Maturity	Maximum of 10 years after the date on which the borrower applies for loan forgiveness. SBA regulations provide that the actual term will be 2 years after the date the borrower applies for forgiveness.	Up to 30 years	4 years	Up to 5 years