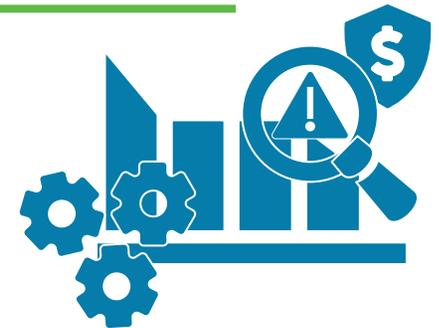


Summary Comparison Between Economic Injury Disaster Loan (EIDL) and Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

The following provides a summary overview of the identified differences between the two major economic relief programs put in place in response to the COVID-19 emergency. This comparison does not cover TITLE IV—Economic stabilization and assistance to severely distressed sectors of the United States economy subtitle A—Coronavirus Economic Stabilization Act of 2020 cited as the “Coronavirus Economic Stabilization Act of 2020”.

This comparison is only a summary of each program based on our understanding of each program’s offerings and limitations. It is not meant to be all inclusive. It is only to be used as a basis for future conversations. The information contained in this summary is subject to change and modification as more details of each program are released and/or clarified.



	EIDL	CARES
Covered Period	January 31, 2020 through December 31, 2020	February 15, 2020 through June 30, 2020
Eligible Recipient	<p><i>Term “eligible entity” means—</i></p> <ul style="list-style-type: none"> ○ a business with not more than 500 employees; ○ any individual who operates under a sole proprietorship, with or without employees, or as an independent contractor; ○ a cooperative with not more than 500 employees; ○ an ESOP (as defined in section 3 of the Small Business Act (15 U.S.C. 632)) with not more than 500 employees; or ○ A tribal small business concern, <p><i>Entity in business on January 31, 2020</i></p> <p><i>(SBA may approve based solely on the credit score (believed to be above 650) and may not require an applicant to submit a tax return or a tax return transcript for such approval; or may use alternative appropriate methods to determine an applicant’s ability to repay.</i></p>	<p><i>In addition to small business concerns, any business concern, nonprofit organization, veterans organization, or Tribal business concern described in section 31(b)(2)(C) if the entity employs not more than the greater of—</i></p> <ul style="list-style-type: none"> ○ 500 employees; or ○ if applicable, the size standard in number of employees established by the SBA for the industry in which the business concern, nonprofit organization, veterans organization, or Tribal business concern operates. <ul style="list-style-type: none"> ● <i>Individuals who operate under a sole proprietorship or as an independent contractor and eligible self-employed individuals.</i> ● <i>Any business concern that employs not more than 500 employees per physical location assigned a NAICS code beginning with 72 (“accommodation and food services”) at the time of disbursement.</i>
Emergency Grants	Available up to \$10,000	Not applicable



	EIDL	CARES
Affiliations	<p><i>Affiliations are waived with respect to eligibility for a covered loan for—</i></p> <ul style="list-style-type: none"> • <i>Businesses owned in substantial part by SBICs, which are not considered affiliates of the SBIC;</i> • <i>Businesses owned by the Native American tribes, which are not considered affiliates of the Native American tribes; and</i> • <i>Businesses who lease employees from employee lease entities, which are not affiliated with the leasing entity.</i> 	<p><i>Affiliations are waived with respect to eligibility for a covered loan for—</i></p> <ul style="list-style-type: none"> • <i>any business concern with not more than 500 employees that, as of the date on which the covered loan is disbursed, is assigned a NAICS code beginning with 72;</i> • <i>any business concern operating as a franchise that is assigned a franchise identifier code by the SBA; and</i> • <i>any business concern that receives financial assistance from a company licensed under section 301 of the Small Business Investment Act of 1958.</i>
Maximum Loan Amount	<p><i>\$2 million</i></p> <p><i>Proceeds to meet necessary financial obligations that a business or private, non-profit organization could have met had the disaster not occurred. It provides relief from economic injury caused directly by the disaster and permits a company to maintain a reasonable working capital position during the period affected by the disaster. EIDLs do not replace lost sales or revenue.</i></p> <p><i>EIDLs are available only to businesses and private and nonprofit organizations that are located in a declared disaster area, have suffered substantial economic injury. The CARES Act would deem all states and their subdivisions to have sufficient economic damage under this program.</i></p>	<p><i>The maximum loan amount shall be the lesser of—</i></p> <ul style="list-style-type: none"> • <i>The sum of—</i> <ul style="list-style-type: none"> ○ <i>the product obtained by multiplying—</i> <ul style="list-style-type: none"> ▪ <i>the average total monthly payments by the applicant for payroll costs incurred during the 1-year period before the date on which the loan is made (with exceptions for seasonal employment) by</i> ▪ <i>2.5; and</i> ○ <i>the outstanding amount of a loan under the EIDL Program that was made during the period beginning on January 31, 2020 and ending on the date on which covered loans are made available to be refinanced under this new program; or</i> • <i>If requested by an otherwise eligible recipient that was not in business during the period beginning on February 15, 2019 and ending on June 30, 2019, the sum of—</i> <ul style="list-style-type: none"> ○ <i>the product obtained by multiplying—</i> ○ <i>the average total monthly payments by the applicant for payroll costs incurred during the period beginning on January 1, 2020 and ending on February 29, 2020; by</i> ○ <i>2.5; and</i> ○ <i>the outstanding amount of a loan under subsection (b)(2) that was made during the period beginning on January 31, 2020 and ending on the date on which covered loans are made available to be refinanced under this new program; or</i> ○ <i>\$10,000,000.</i>



	EIDL	CARES
Term	<i>Up to 30 years</i>	<i>Maximum maturity of 10 years from the date on which the borrower applies for loan forgiveness (see Forgiveness sections below)</i>
Interest Rate	<i>Interest rate not to exceed 4 percent</i> <ul style="list-style-type: none"> ○ 3.75% Small Business 2.75% Not for Profit 	<i>Interest rate not to exceed 4 percent</i>
Deferral		<i>Complete payment deferment relief for a period of not less than 6 months, including payment of principal, interest, and fees, and not more than 1 year.</i>
Fees	<i>No Fee</i>	<i>No Fee</i>
Personal Guarantee	<i>Waived on advances or loans of not more than \$200,000</i>	<i>No personal guarantee</i>
Collateral	<i>For loans greater than \$25k if available but will lend without collateral</i>	<i>No Collateral</i>
Prepayment Penalty	<i>None</i>	<i>None</i>
Credit Elsewhere	<i>Requirement that a small business concern is unable to obtain credit elsewhere shall not apply</i>	<i>Requirement that a small business concern is unable to obtain credit elsewhere shall not apply</i>
Application Requirements	<p><i>Downloadable:</i></p> <ol style="list-style-type: none"> 1. Business Loan Application (Form 5) 2. Home or Sole Proprietor Loan Application (SBA Form 5C) 3. Economic Injury Disaster Loan Supporting Information (Form P-019) <p><i>Additional Forms that May Be Requested:</i></p> <ul style="list-style-type: none"> • Fee Disclosure Form and Compensation Agreement (Form 159D) • Personal Financial Statement (SBA Form 413D) (en Español) • Request for Transcript of Tax Return (IRS Form 4506-T) • Instructions for Request for Transcript of Tax Return (IRS Form 4506-T) • Schedule of Liabilities (SBA Form 2202) • Instructions for Schedule of Liabilities (SBA Form 2202) • Schedule of Liabilities (SBA Form 2202) • PUERTO RICO ONLY: Release of Inheritance and Donation (Modelo SC 2907) • PUERTO RICO ONLY: Hacienda Statement of Authorization • Additional Filing Requirements (SBA Form 1368) • Additional Filing Requirements (SBA Form 413D) 	<i>May vary by lender</i>



	EIDL	CARES
Allowable Uses	<p><i>Loan proceeds can only be used for working capital necessary to enable the business or organization to alleviate the specific economic injury and resume normal operations. Includes:</i></p> <p><i>Accounts payable, fixed debts, payroll, and other bills due to the virus</i></p>	<p><i>In addition to the allowable uses of a loan made under the SBA’s Business Loan Program, use the proceeds of the covered loan for—</i></p> <ul style="list-style-type: none"> ○ <i>payroll costs;</i> ○ <i>costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;</i> ○ <i>employee salaries, commissions, or similar compensations;</i> ○ <i>payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation);</i> ○ <i>rent (including rent under a lease agreement);</i> ○ <i>utilities; and</i> ○ <i>interest on any other debt obligations that were incurred before the covered period.</i>
Recourse	Not applicable	<p><i>No recourse, except to the extent that such shareholder, member, or partner uses the covered loan proceeds for a purpose not authorized.</i></p>
Borrower Certification at Initial Application	Not applicable	<ul style="list-style-type: none"> ○ <i>That the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the eligible recipient;</i> ○ <i>acknowledging that funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments;</i> ○ <i>that the eligible recipient does not have an application pending for a loan under this subsection for the same purpose and duplicative of amounts applied for or received under a covered loan; and</i> ○ <i>during the period beginning on February 15, 2020 and ending on December 31, 2020, that the eligible recipient has not received amounts under this subsection for the same purpose and duplicative of amounts applied for or received under a covered loan.</i>
Loan Forgiveness	Not applicable	<p><i>For the covered period of 8-week period beginning on the date of the origination of a covered loan, the expected forgiveness amount is the sum of (not to exceed the loan’s principal):</i></p> <ul style="list-style-type: none"> ○ <i>payroll costs;</i> ○ <i>payments of interest on any covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation);</i> ○ <i>payments on any covered rent obligation; and</i> ○ <i>covered utility payments</i>



	EIDL	CARES
Forgiveness Reductions	Not applicable	<p><i>Forgiveness shall be reduced, but not increased, by multiplying the amount by the quotient obtained by dividing the average number of full-time equivalent employees per month employed during the covered period (8-week period beginning on the date of the origination of a covered loan); by</i></p> <ul style="list-style-type: none"> ○ <i>at the election of the borrower—</i> <ul style="list-style-type: none"> ○ <i>the average number of full-time equivalent employees per month employed during the period beginning on February 15, 2019 and ending on June 30, 2019; or</i> ○ <i>the average number of full-time equivalent employees per month employed during the period beginning on January 1, 2020 and ending on February 29, 2020</i> <p><i>(exceptions for seasonal workers.)</i></p> <p><i>There is also a reduction tied to any reductions in salaries and wages of over 25% (unadjusted salaries capped at \$100,000)</i></p> <p><i>There is an exception for re-hires of employees reduced during the period from February 15, 2020 and ending April 27, 2020 for which, the employee is rehired no later than June 30, 2020</i></p> <p><i>All forgiveness requires submission of verifying documentation</i></p>
Payroll Costs	Not applicable	<p><i>The sum of payments of any compensation with respect to employees that is a—</i></p> <ul style="list-style-type: none"> ○ <i>salary, wage, commission, or similar compensation;</i> ○ <i>payment of cash tip or equivalent;</i> ○ <i>payment for vacation, parental, family, medical, or sick leave;</i> ○ <i>allowance for dismissal or separation;</i> ○ <i>payment required for the provisions of group health care benefits, including insurance premiums;</i> ○ <i>payment of any retirement benefit; or</i> ○ <i>payment of State or local tax assessed on the compensation of employees;</i> <p><i>The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period</i></p>



	EIDL	CARES
Excluded Payroll Costs	Not applicable	<p><i>Payroll Costs shall not include—</i></p> <ul style="list-style-type: none"> ○ <i>the compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;</i> ○ <i>taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period;</i> ○ <i>any compensation of an employee whose principal place of residence is outside of the United States;</i> ○ <i>qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–127); or</i> ○ <i>qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116–127);</i>

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