

Comparison of Congressional Relief Programs

An evaluation of enacted and proposed federal grant and loan programs of importance to the franchise sector.

EXISTING/ENACTED LOANS AND GRANT PROGRAMS

	PAYCHECK PROTECTION PROGRAM	SBA 7(a) LOANS	ECONOMIC INJURY DISASTER LOANS	ECONOMIC INJURY DISASTER GRANTS	SBA EXPRESS BRIDGE LOANS	EMPLOYEE RETENTION TAX CREDIT	MAIN STREET LENDING (FORTHCOMING)
SUMMARY		SBA 7(a) loans include several types of loan to provide various funding needs, including for acquisition, operational expenses, and to expand existing businesses to those that are unable to secure conventional financing. Types of loans include the Standard 7(a), 7(a) Small Loan, SBA Express, Export Express, Export Working Capital, and International Trade loans. Loans up to \$5 million come with a repayment period of 7 to 25 years, and	Businesses and non-profits in a declared disaster area for financial obligations and operating expenses.			A fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that eligible employers pay their employees. The ERTC applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000.	Established by the Federal Reserve, this program aims to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic. The program will operate through three facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), and the Main Street Expanded Loan Facility (MSELF). Federal Reserve FAQ located here .
ELIGIBILITY	Business with less than 500 employees, in addition to businesses that begin with NAICS code 72 (restaurants/hotels) with less than 500 employees per location. The SBA affiliation rules are waived for franchises; however, according to the SBA, franchises are eligible only if their brand appears on the SBA Franchise Directory.	Applicant must meet SBA's size and affiliation standards. If the applicant's brand meets the FTC definition of a franchise, it must be on the SBA Franchise Directory in order to obtain SBA financing.	Small businesses that meet SBA size and affiliation standards and which are unable to access credit elsewhere.	According to the SBA as of May 11, 2020, this program is currently limited to U.S. agricultural businesses due to high demand. Agricultural businesses include those businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries (as defined by section 18(b) of the Small Business Act (15 U.S.C. 647(b)).	Business must meet SBA 7(a) loan eligibility requirements.	Employers whose operations were fully or partially suspended during COVID-19, or whose gross receipts declined more than 50% when compared to the same quarter in the prior year. Not eligible for businesses who obtained PPP loans.	U.S. businesses with: (1) 15,000 employees or fewer; or (2) the business had 2019 revenues of \$5 billion or less.
TERMS	Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.	Interest rates are negotiated between the borrower and the lender, but are subject to SBA maximums. SBA loan guarantees of 85% for loans up to \$150,000 and 75% for loans greater than \$150,000. Low fees available here.	SBA waives personal guarantee on loans under \$200,000.		As with all 7(a) loans, EBL applicants must demonstrate the need for the desired credit (i.e., they must meet the SBA's "credit elsewhere" requirements). All EBL loans are subject to the same upfront guaranty fees as required for 7(a) loans of similar size and maturity. Application fees are up to 2% or \$250. Late fees up to 5%.		
LOAN SIZE	2.5x payroll	Up to \$5 million, but \$350,000 for SBA Express and \$500,000 for SBA Export Express	Up to \$2 million, based on economic injury.	Grant Size: \$10,000	SBA lenders may provide an emergency bridge loan up to \$25,000 for "disaster-related purposes" to applicants while they await long-term financing through the EIDL program.		6x of 2019 EBITDA or up to \$200 million for MSELF.
MATURITY	2 years	10 years for working capital/inventory and 25 years for real estate	30 years		7 years		4 years, with principal and interest payments deferred for one year
INTEREST RATE	1%		Up to 4%		Up to 6.5%		4%
FEES							Origination fee of up to 100 basis points of the principal amount of the loan at the time of origination.
LOAN FORGIVENESS	The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (at least 75% of the forgiven amount must have been used for payroll). Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.						