

COVID-19

EMERGENCY LOAN FUNDING SMALL BUSINESS FAST FACTS

Small businesses are facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. On Friday, March 17, the President signed into law the CARES Act, which contains \$376 billion in relief for American workers and small businesses.

In addition to traditional Small Business Administration (SBA) funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak and support small businesses nationwide.

Included within this document are brief outlines of each SBA program, eligibility information, application process details, and frequently asked questions and answers.

We encourage all businesses to review this guide and to consider applying for funds. While your business may not be experiencing trouble now, there is a very real chance that if economic relief is not brought to those businesses in most need in the next few weeks, their troubles will cascade into healthy businesses bringing those businesses down and the economy down as well.

Federal funds are not a silver bullet and should be used in conjunction with the other strategies. Having a plan and funds in place now can help to keep your business open and operating and keep your employees paid.

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PAYCHECK PROTECTION PROGRAM (PPP)



ECONOMIC INJURY DISASTER LOAN (EIDL) PROGRAM



SBA EXPRESS BRIDGE LOANS

PAYCHECK PROTECTION PROGRAM (PPP)

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.

Lenders may begin processing loan applications as soon as April 3, 2020. The Paycheck Protection Program will be available through June 30, 2020.

ELIGIBILITY

- Any small business with less than 500 employees, sole proprietors, independent contractors, self-employed persons, private non-profit organizations or 501(c)19 veterans organizations
- Businesses in certain industries if they meet the SBA's size standards for those industries
- Small businesses in the hospitality or food industry with more than one location could also be eligible if their individual locations employ less than 500 workers.

LOAN DETAILS

This loan will be **fully forgiven** if all staff are retained for an eight week pre-determined period and at least 75% of the funds are used for payroll. Other qualifying expenses for the remaining 25% are rent, utilities, and mortgage interest. Loan payments will be deferred for six (6) months. No collateral or personal guarantees are required. Neither the government nor lenders will charge fees to small businesses.

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.

This loan has a maturity of 2 years and an interest rate of 1%.

HOW MUCH CAN I BORROW?

You can borrow up to your average monthly payroll multiplied by 2.5 up to \$10 million.

WHAT CAN I SPEND FUNDS ON?

To be forgiven, you must use at least 75% of funds on payroll. The remaining 25% of funds can be used for rent, utilities, or mortgage interest.

WHAT ARE THE TERMS?

1% interest
with 2 year terms

HOW DO I APPLY?

Apply with an FDIC-insured lender. The process will be faster if you go through a bank you already have a relationship with.

IS THERE A SALARY CAP?

Payroll costs are capped at \$100,000 per employee, annualized.

WHAT IF I ALREADY LAID OFF EMPLOYEES?

You will have until **June 30, 2020** to rehire them. The sooner they are back on your payroll, the larger your loan forgiveness.

DEADLINE TO APPLY?

The deadline to apply is **June 30, 2020**.

ECONOMIC INJURY DISASTER LOAN (EIDL)

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of **up to \$10,000**. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available following a successful application. This loan advance will not have to be repaid.

Small businesses apply for these loans through the Small Business Administration (SBA) directly. Your initial application gets you in line for contact by the SBA for additional loan documents. Once they contact you, you have seven (7) days to respond with required additional materials. Even if you don't qualify for a loan, you may still qualify for the loan advance, which does not need to be repaid.

ELIGIBILITY

In general, all of the following entities that have suffered substantial economic injury caused by a disaster provided they were in existence on January 31, 2020:

- Businesses with fewer than 500 employees
- Cooperatives, ESOPs, and tribal small businesses with fewer than 500 employees
- Sole proprietors
- Independent contractors
- Most private nonprofits

LOAN DETAILS

The maximum EIDL is a \$2 million working capital loan at a rate of 3.75% interest for businesses and 2.75% for non-profits with up to a 30-year term. Loan repayments are deferred for up to one (1) year. Loan requests up to \$25,000 do not require collateral, and loans less than \$200,000 do not require a personal guarantee.

Eligible applicants can elect to receive up to \$10,000 in the form of an emergency advance, which does not need to be repaid. Not every applicant is eligible for the full \$10,000 advance. This advance can be paid within three days of a successful application.

DOCUMENTS YOU MAY NEED

- Initial application (completed online)
- IRS Form 4506-T from business or principal owners
- Most recent Federal Income Tax return
- Personal financial statement for all business/principal owners
- Schedule of liabilities including all fixed debts
- A current year-to-date profit and loss statement
- SBA form 1368 (provision of monthly sales figures)

HOW MUCH CAN I BORROW?

You can borrow up to \$2,000,000.00.

WHAT CAN I USE FUNDS FOR?

Loans may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid due to the impact from the disaster.

IS THERE ANYTHING I CAN'T USE THE LOAN FOR?

Loans CANNOT be used to refinance other debts or pay off other loans.

WHAT ARE THE TERMS?

3.75% interest (businesses)
OR
2.75% interest (non-profits)
with up to 30-year terms

WHAT ABOUT LOAN FORGIVENESS?

While the EIDL is a traditional loan, you may qualify for **up to \$10,000** in an emergency advance that does NOT need to be repaid.

HOW DO I APPLY?

Apply through the SBA directly at www.covid19relief.sba.gov

DEADLINE TO APPLY?

The deadline to apply is **December 21, 2020**.

SBA EXPRESS BRIDGE LOANS

The Express Bridge Loan Pilot Program allows small businesses that already have existing relationships with SBA Express Lenders to access up to \$25,000 quickly.

These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

ELIGIBILITY

- Business has an existing relationship with an express loan lender on or prior to March 13, 2020.
- A small business that has been adversely affected by the COVID-19 crisis
- Business must be able to demonstrate the inability to obtain credit elsewhere

LOAN DETAILS

EBL loans are available from SBA Express Lenders. To be eligible, small businesses must have had an existing banking relationship on or before the date of the disaster, March 13, 2020. The loan terms state that an existing banking relationship can be proven with a copy of a current bank statement or other bank document that references the applicant's business address.

The maximum allowable interest is 6.5% over the prime rate (currently 4.25%). Interest rates can be fixed or variable.

The fees include:

- Upfront guaranty fees: Not more than 2% of the guaranteed portion of a loan if the total amount of the loan (maximum of \$500)
- Annual service fee: An annual service fee will be charged of no more than 0.55% of the outstanding balance of the guaranteed portion of each loan.
- Application fee: the greater of 2% of loan amount or \$250
- Late payment fee: not to exceed 5% of scheduled payment

No collateral is required.

The maximum loan term is seven years. Or, payment of the loan in full may be required if approved for long-term disaster financing with loan proceeds being available for use towards the EBL loan.

HOW MUCH CAN I BORROW?

You can borrow up to \$25,000.

WHAT CAN I USE FUNDS FOR?

Loans may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid due to the impact from the disaster.

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WHAT ARE THE TERMS?

Max interest rate is 6.5% over prime, fixed or variable over a seven (7) year term.

Additional fees may apply.

Payment in full may be required if you qualify for other EIDL or PPP assistance.

HOW DO I APPLY?

Apply through a lender that you have an existing business relationship with who is authorized as an SBA Express Lender.

Contact your financial institution for details.