Relief programs for small businesses

• Paycheck Protection Program
• Economic Injury Disaster Loan (EIDL) and EIDL Advance
• SBA Debt Relief
• SBA Express Bridge Loans
Paycheck Protection Program

Overview

• Eligible recipients may qualify for a loan up to $10 million determined by average monthly prior year payroll.
  • SBA 100% guaranteed loan – 2-year term at 1% interest

• Up to 100% forgivable if at least 75% of proceeds are used for payroll.
  • Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

• Any small business or 501(c)(3)/501(c)(19) non-profits with fewer than 500 employees
  • Small business includes sole proprietorships, independent contractors and self-employed persons
  • Note - 1099 independent are eligible to apply on their own behalf, not via those businesses they work for/with
Paycheck Protection Program

How to apply

• You can apply through any existing SBA 7(a) lender or through:
  • Any federally insured depository institution
  • Federally insured credit union
  • Farm Credit System institution that is participating

• In addition, other lenders have applied and are eligible to participate including:
  • Non-bank lenders
  • Fintech lenders

• Find a lender: www.sba.gov/paycheckprotection/find

• Timelines
  • Business must have been in operation on February 15, 2020 and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.
  • Applications accepted until June 30, 2020.
Paycheck Protection Program

Application Process

• Application - SBA Form 2483

• Loan generally based on payroll expenses
  • Payroll records from prior year (see page 3 of application for more)
  • Payroll expense includes both cash compensation and non-cash benefits

• Average monthly payroll * 2.5 = Max loan amount

• Qualified “Payroll Costs” for calculating eligible loan amount
  • Compensation to employees (whose principal place of residence is the United States) - salary, wages, commissions, or similar compensation;
  • Cash tips or the equivalent
  • Payment for vacation, parental, family, medical, or sick leave;
  • Allowance for separation or dismissal;
  • Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;
  • Payment of state and local taxes assessed on compensation of employees;
Paycheck Protection Program

Application Requirements

• What **does not** qualify as “Payroll Costs” for purposes of calculating eligible loan amount
  • *Pay to 1099 independent contractors*
  • Rent
  • Mortgage interest
  • Utilities
  • Payments on other debt
  • Any other expenses that aren’t categorized on the previous slide

• How do I check on progress of my PPP application?
  • You must work directly with your lender as they process and fund the loan
Paycheck Protection Program

Use of proceeds

• Forgiveness - @ least 75% of proceeds used for payroll costs

• The proceeds of a PPP loan are to be used for:
  • payroll costs (as defined in the Act and in 2.f.);
  • costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
  • mortgage interest payments (but not mortgage prepayments or principal payments);
  • rent payments;
  • utility payments;
  • interest payments on any other debt obligations that were incurred before February 15, 2020; and/or

• Additional guidance on the formula and forgiveness process are forthcoming

• Eligible use of proceeds are different than those expenses used to calculate loan amount
Economic Injury Disaster Loan Program

Overview

• **Working Capital Loan Program**
  • Eligible entities may qualify for loans up to $2 million.
  • The interest rates for this disaster are 3.75 % for small businesses
    2.75 % for nonprofit organizations
  • Terms up to 30 years
  • First payment deferred for one year

• **Eligibility**
  • Small business with 500 or fewer employees
  • Most private non-profits (including religious organizations)
  • Small agricultural cooperatives
  • Small aquaculture businesses
  • Business must have experienced “substantial” impact due to COVID-19
    • Working capital losses due to the declared disaster
Economic Injury Disaster Loan Program

Additional Program Criteria

• **Credit History**
  - Applicants must have a credit history acceptable to SBA.
  - Credit check included in the process

• **Repayment**
  - SBA must determine that the applicant business has the ability to repay the SBA loan.

• **Collateral requirements**
  - SBA seeks collateral on loans > $25K
  - Collateral is on general business assets
  - Lack of collateral is not a reason for decline

• **Personal Guaranty requirements**
  - Required on loans > $200K
EIDL Advance Grant Program

Overview

• **Rapid economic relief**
  • Get funds in hands of businesses that are currently experiencing a temporary loss of revenue

• **Eligibility**
  • Same as Economic Injury Disaster Loan

• **EIDL advance of up to $10,000**
  • Based on # of employees/$1,000 per employee to a max of $10,000

• **Provide bank information**
  • Funds will be made available following a successful application
  • Direct deposit to your account
EIDL/EIDL Advance Application

Process

• **NOTE: EIDL/EIDL Advance not currently accepting applications**

• **Apply through the SBA**
  - [https://covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/)
  - Streamlined Electronic Loan Application

• **Process driven**
  - No additional documents required at application
  - If additional requirements are required, they will be requested by the loan officer

• **Make application at same time as EIDL application**
  - Receive email notification of application submission

• **Paper applications can be accepted**
  - Online loan application is faster
EIDL/EIDL Advance Application

Other information

• Maximize efficiency
  • The biggest reason for delays in processing is due to missing information.
  • Make sure to fully complete all requested fields
  • Provide additional documents (if required)

• Funding amount
  • If more funds are needed, applicants can submit supporting documents and a request for an increase.
  • If less funds are needed, applicants can request a reduction in the loan amount.

• Loan declines
  • If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.
SBA Debt Relief

• The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by COVID-19 crisis.

• Under this program:
  • The SBA will pay the principal and interest of **current 7(a) and 504 loans** for a period of six months.
  • The SBA will also pay the principal and interest of **new 7(a) and 504 loans** issued prior to September 27, 2020.

• Reach out to your lender for more guidance on this program
  • Program does not require you to submit an application.
Express Bridge Loan Program

• If a small business has an urgent need for cash while waiting for an Economic Injury Disaster Loan decision and disbursement, they may qualify for an **SBA Express Disaster Bridge Loan**.

• Small businesses who currently have a business relationship with an SBA Express Lender can access up to $25,000 with less paperwork.

• Help overcome the temporary loss of revenue and can be a term loan or used to bridge the gap while applying for a direct **SBA Economic Injury Disaster loan**.
Assistance From SBA and Partners

• Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA’s partners:

  • Illinois Small Business Development Center Network (SBDCs) - https://www2.illinois.gov/dceo/SmallBizAssistance/BeginHere/Pages/default.aspx

  • SCORE – www.score.org

  • Women’s Business Development Center – www.wbdc.org

  • Veteran’s Business Outreach Centers - https://www.wwbic.com/we-are-growing/vboc/

  • Local Chambers of Commerce.

• For the nearest office, visit: www.sba.gov/local-assistance
Funding Options

In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.

Paycheck Protection Program

This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program.

Learn more

EIDL Loan Advance

This loan advance will provide up to $10,000 of economic relief to businesses that are currently experiencing temporary difficulties.

Learn more

SBA Express Bridge Loans

Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to $25,000 quickly.

Learn more

SBA Debt Relief

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

Learn more
Any Questions?

More information concerning SBA and its programs:

[www.sba.gov/coronavirus](http://www.sba.gov/coronavirus)
[www.sba.gov/disaster](http://www.sba.gov/disaster)

[Illinois.DO@sba.gov](mailto:Illinois.DO@sba.gov)
[www.sba.gov/il](http://www.sba.gov/il)

EIDL and EIDL Advance Questions
SBA Disaster Customer Service Center,
(800) 659-2955 | [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)