

Friday, April 10th 2020

Overview of COVID-19 financial programs for small businesses.

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We will cover...

- ❖ Payroll Protection Program
- ❖ Economic Injury Disaster Loan
- ❖ Illinois Small Business Loan Program
- ❖ Cook County Loan, Accion Expedited Loan, SBA Programs
- ❖ Private Sector Programs

Upcoming Webinars

Tuesday, April 14th at 9:30am - Small Business Administration (SBA)

Thursday, April 16th at 9:30am - State of Illinois Department of Commerce and Economic Opportunity (DCEO)

Following week - Women's Business Development Center

Paycheck Protection Program

- ❖ Apply through participating lenders
- ❖ Portion of loan is forgivable
- ❖ Loan amount is based on 2.5x average monthly payroll

Economic Injury Disaster Loan

- ❖ Apply directly through SBA ([sba.gov](https://www.sba.gov))
- ❖ Loan must be repaid - advance does not
- ❖ Loan amount is determined by SBA underwriter

Paycheck Protection Program (PPP)

- ❖ Eligibility:
 - ❖ Business and 501(c)(3) under 500 employees
 - ❖ Sole proprietor, contractor, self-employed apply individually
- ❖ No personal guarantee or collateral required
- ❖ Qualifying expenses will be forgiven
- ❖ 2 year maturity with 1% interest (no payment is required for first 6 months)
- ❖ Information required: Payroll docs, EIN / SSN for owners 20% or more

Paycheck Protection Program (PPP)

- ❖ How to calculate 2.5x average monthly payroll:
 1. Included payroll costs - excluded payroll costs = Total payroll costs
 2. $(\text{Total annual payroll costs} / 12) \times 2.5 = \text{Total PPP Amount}$
- ❖ Included costs:
 - ❖ Salary, wage, commissions; Cash tip or equivalent; Payment of vacation, family, medical, sick leave; health insurance benefits and premiums; retirement benefits; state or local taxes assessed on employee compensation.
- ❖ Excluded costs:
 - ❖ Compensation for salaries over \$100k; Payroll taxes; Income taxes; Sick-leave/family leave covered by Families First Coronavirus Response Act; 1099 employees
- ❖ Use 2019 payroll and provide supporting documentation. (Do not need to show revenue.)
- ❖ Include both federal and state 2019 quarterly Form 940 and 941 (all 4 quarterly filings) with application.
- ❖ Documentation of the number of employees on payroll as of (or about) February 15th, 2020 (payroll print-out).

Paycheck Protection Program (PPP)

- ❖ What is forgiven and how will total be calculated?
 - ❖ Forgiveness is based on amount spent on qualifying expenses during 8-week period following loan origination.
 - ❖ Qualifying expenses: Payroll costs; Interest on mortgage; Rent; Utilities; Additional wages for tipped employees.
 - ❖ 75% must be for payroll; 25% limit for non-payroll expenses
 - ❖ Forgiveness total can be reduced due to staff or wage reductions if not restored by June 30th, 2020.
 - ❖ After 8 week period applicants will provide lender with documentation of expenditures. Lender will certify and process “forgiveness”. (KEEP RECEIPTS!)

Economic Injury Disaster Loan (EIDL)

- ❖ SBA loan up to \$2M for small businesses
- ❖ Up to 30 year term with 3.75% interest (no payment required for 1 year)
- ❖ No personal guarantee up to \$200k; No collateral up to \$25k
- ❖ Advance is completely forgivable - no repayment required
- ❖ Use of funds:
 - ❖ Fixed debts (rent, utilities, etc.); Payroll; Accounts Payable
 - ❖ Other bills that can not be paid due to disaster
- ❖ Documents Required: SBA Form 2022 (liabilities), SBA Form 1368 (sales), SBA Form 413 (personal financials), IRS Form 4506-T (ownership), Tax Returns (include ALL pages)
- ❖ Loan processing time: 21 days

Economic Injury Disaster Loan (EIDL)

More on the EIDL advance:

- ❖ Advance amount is UP TO \$10,000
- ❖ Access advance by applying for EIDL loan
- ❖ Advance does not need to be repaid if loan is denied or is not executed
- ❖ Advance does not have to be repaid under any circumstances
- ❖ Advance amount will be subtracted from PPP forgiveness total
- ❖ Must be used for qualifying forgivable expenses

PPP or EIDL?

- ❖ Can I apply for both?
 - ❖ Yes, but use of funds can not be duplicative.
- ❖ Which should I apply for first?
 - ❖ PPP due to limited funds. Note: Will depend on specific circumstances.
- ❖ Are they compatible?
 - ❖ Applicant can “fold” existing EIDL into new PPP.
- ❖ How does the advance impact my PPP loan forgiveness?
 - ❖ Advance will be subtracted from the total amount forgiven on PPP loan.
- ❖ Are funds limited for these programs?
 - ❖ PPP funds are limited to under the CARES Act and banks have a lending limit.

Illinois Small Business Loan Program

- ❖ Eligibility:
 - ❖ Businesses must have received less than \$3 million in gross revenue in 2019 and employ fewer than 50 employees.
 - ❖ Business has experienced at least a 25% decrease in revenues as a result of COVID-19
 - ❖ Business have been in operations for at least one year.
- ❖ Loan amounts determined by average monthly revenues prior to COVID-19 up to \$50,000
- ❖ Five-year term loan at 3% annual interest with no payments for first 6 months
- ❖ Loan funds must be used for working capital expenses
 - ❖ At least 50% of loans proceeds must be applied toward payroll or other eligible compensation
- ❖ Documentation: Bank statements dating back to October 2019 and most recent tax returns.

Cook County Loan

- ❖ \$20k loans for small business and \$10k loans for independent contractors
- ❖ 0% interest
- ❖ Eligibility: Less than 25 employees and \$3M annual revenue
- ❖ Program is expected to open in mid-April

Accion Expedited Loan

- ❖ Apply directly through www.accion.com
- ❖ Loan up to \$25,000
- ❖ Amount is based on Jan / Feb revenue - no underwriting
- ❖ Market interest rates
- ❖ Must have clean credit in 2019

SBA Loans

- ❖ SBA Express Bridge Loans
- ❖ SBA Loan Debt Relief

Private Sector Programs

- ❖ Facebook
 - ❖ Offering cash grants and ad credits
 - ❖ Sign up at - facebook.com/business

- ❖ Verizon Small Business Recovery Fund
 - ❖ Second round in mid-April
 - ❖ Sign up at - lisc.org/covid-19/verizon-small-business-recovery-fund

Thank you.

Questions?

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