



U.S. Small Business
Administration

Coping with COVID-19

Financial Tools & Resources to Help Small Business

U.S. Small Business Administration (SBA)

Washington Metropolitan Area District Office (WMADO)

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www.sba.gov/dc

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Key Stimulus Bill Provisions and Support Available

1. Using Loan Payment Deferrals to Augment Cash Flow
2. CARES Act: Paycheck Protection Program (PPP)
3. Economic Injury Disaster Loan (EIDL) Program
4. CARES Act: SBA Debt Relief
5. SBA Express Bridge Loans

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Using Loan Payment Deferrals to Augment Cash Flow

Federal and state banking regulatory agencies have issued a joint letter to financial institutions, strongly recommending lenders work with borrowers to offer loan modifications in response to the COVID-19 pandemic

Such deferments neither impact the lender's standing with bank regulators, nor reflect negatively on the borrower's credit score

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Using Loan Payment Deferrals to Augment Cash Flow

Existing SBA loans

- 7(a), 504 or Microloans: Loan payments can be deferred up to six months. Business owners should talk with their lenders and ask for a loan modification
- Existing Disaster Assistance Loans: SBA is automatically deferring payments on all outstanding disaster loans through December 31, 2020

Non-SBA Business Loans

- Borrowers can discuss with their banker/lender the option to defer loan payments. The length of any deferment would be determined by the bank or lending institution

Financial regulatory agencies have issued a joint letter to financial institutions, strongly recommending lenders work with borrowers to offer loan modifications in response to the COVID-19 pandemic

Paycheck Protection Program (PPP)

<https://www.sba.gov/ppp>

Coronavirus Aid, Relief, and Economic
Security (CARES) Act

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CARES Act: Paycheck Protection Program (PPP)

- These are **not** direct loans from SBA (different from the Economic Injury Disaster Loan program)
- The loan will be processed through banks and financial institutions
- SBA is providing a 100% loan guarantee to lenders
- Existing SBA lenders will provide these loans AND new lenders are currently being added
- Lenders will not charge loan fees for PPP Loans

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CARES Act: Paycheck Protection Program (PPP)

Eligible Entities

Small businesses, non-profits of any size (including religious organizations), veterans' organizations, Tribal concerns, sole proprietors (aka self-employed individuals), and independent contractors are all eligible. If the applicant is a business, the concern must have fewer than 500 employees or be within SBA size standards (www.sba.gov/size). Accommodations and Food Services concerns (NAICS Code starting with 72) with more than one physical location are eligible if they employ fewer than 500 per location

- Loan Amount: Up to \$10 million, reflecting two months of your average monthly payroll costs from the last year plus an additional 25%
- Interest Rate: 1%
- Loan Forgiveness: Granted if 75% or more of loan amount is used to cover payroll expenses and staff levels are maintained
- Loan Fees: None
- Use of Funds: Payroll costs, including benefits; interest on mortgage, rent, and utilities
- Collateral: None required, no personal guarantees needed
- Maturity: 2 Years
- First Payment: No payment required for first six months
- Pre-Payment: No pre-payment penalty

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CARES Act: Paycheck Protection Program (PPP)

How to Apply

- 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. In most cases, you will need to have already been a customer of the lender since mid-February 2020
- For a list of current PPP lenders, search by zip code at <https://www.sba.gov/paycheckprotection/find>
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program
- All loans offer the same terms, regardless of lender or borrower

Economic Injury Disaster Loan (EIDL) Program

<https://www.disasterloan.sba.gov>

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Economic Injury Disaster Loan (EIDL) Program

Economic Injury Disaster Loans (EIDLs) in response to COVID-19 are specifically available to the following organizations that have been directly affected by the disaster:

- Small businesses within the *SBA Size Standards* (visit <https://www.sba.gov/size>), including small agricultural cooperatives & aquaculture businesses
- Self-employed individuals and 1099 independent contractors
- Private non-profit organizations (regardless of size), including religious organizations

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Economic Injury Disaster Loan (EIDL) Program

Types of organizations that are INELIGIBLE to receive an Economic Injury Disaster Loan:

- Philanthropic or educational foundations that rely on donations to carry out their programs
- **Gambling concerns** (i.e., businesses that derive more than 1/3 of their annual gross revenue from legal gambling activities)

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Economic Injury Disaster Loan (EIDL) Program

How much can I borrow?

- Borrowers may qualify for loan amounts of **up to \$2 million**, of which a maximum of \$15,000 will be issued as an initial payment to the borrower. Separately, up to \$10,000 (\$1,000 per FTE or PTE) may be given as a loan advance that will be forgiven in its entirety
- Even if an applicant is declined, they may still qualify for the forgivable loan advance of up to \$10,000
- Interest rates on this disaster loan are **3.75 % for small businesses** and **2.75 % for non-profit organizations**
- Terms of up to 30 years are available with **the first payment due 12 months after the loan is issued**

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Economic Injury Disaster Loan (EIDL) Program

How can I use EIDL funds?

- These are **working capital loans** that may be used to **pay fixed debts, payroll, accounts payable, and other bills** that could have been paid had the disaster not occurred
- Economic Injury Disaster Loans are designed to help entities stay afloat during the declared disaster
- EIDLs are **not meant for business expansion**

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Economic Injury Disaster Loan (EIDL) Application

- Unlike SBA 7(a) and 504 program loans, Economic Injury Disaster Loans are not initiated through banks or other lenders; **they are issued by the SBA directly**
- Applicants do not need to go to a financial institution to secure these loans
- Complete SBA's online EIDL application at <https://covid19relief.sba.gov>

SBA Debt Relief

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

Coronavirus Aid, Relief, and Economic Security (CARES) Act

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CARES Act: Small Business Debt Relief Program

- This program provides immediate relief to small businesses with non-disaster SBA loans; in particular, 7(a), 504, and microloans
- For the first six months, SBA will cover all loan payments on these loans including principal, interest, and fees, for six months
- This relief will also be available to new borrowers who take out loans by September 27, 2020

SBA Express Bridge Loans

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>

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SBA Express Bridge Loans

- Allows small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork
- Can be used as short-term funding to bridge the gap while applying for an [Economic Injury Disaster Loan](#) or used as term loan
- Repayment in full or partially via the SBA Economic Injury Disaster Loan program
- These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing

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Thank You

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