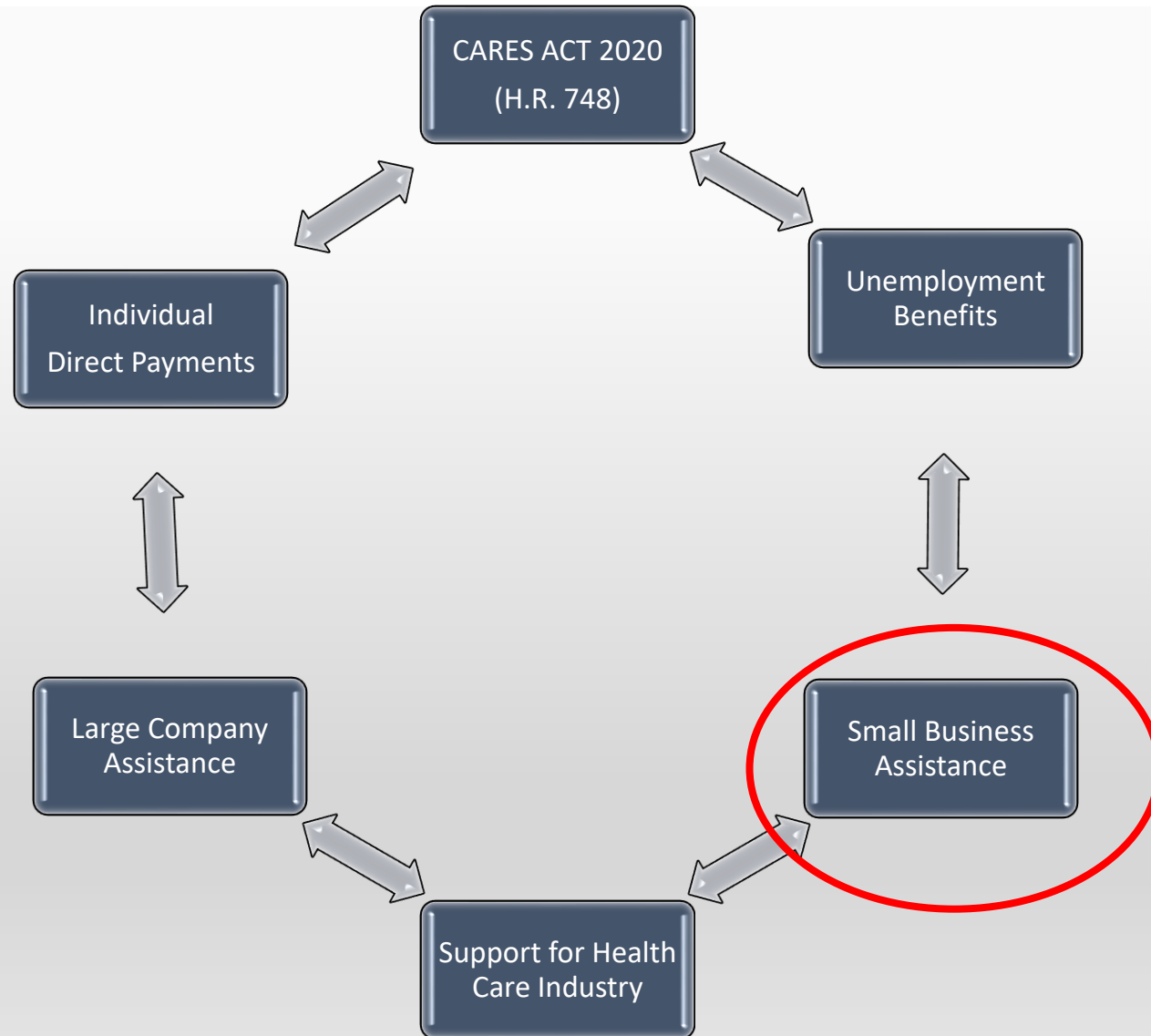


Coronavirus (Covid-19): SBA Small Business Loan Resources

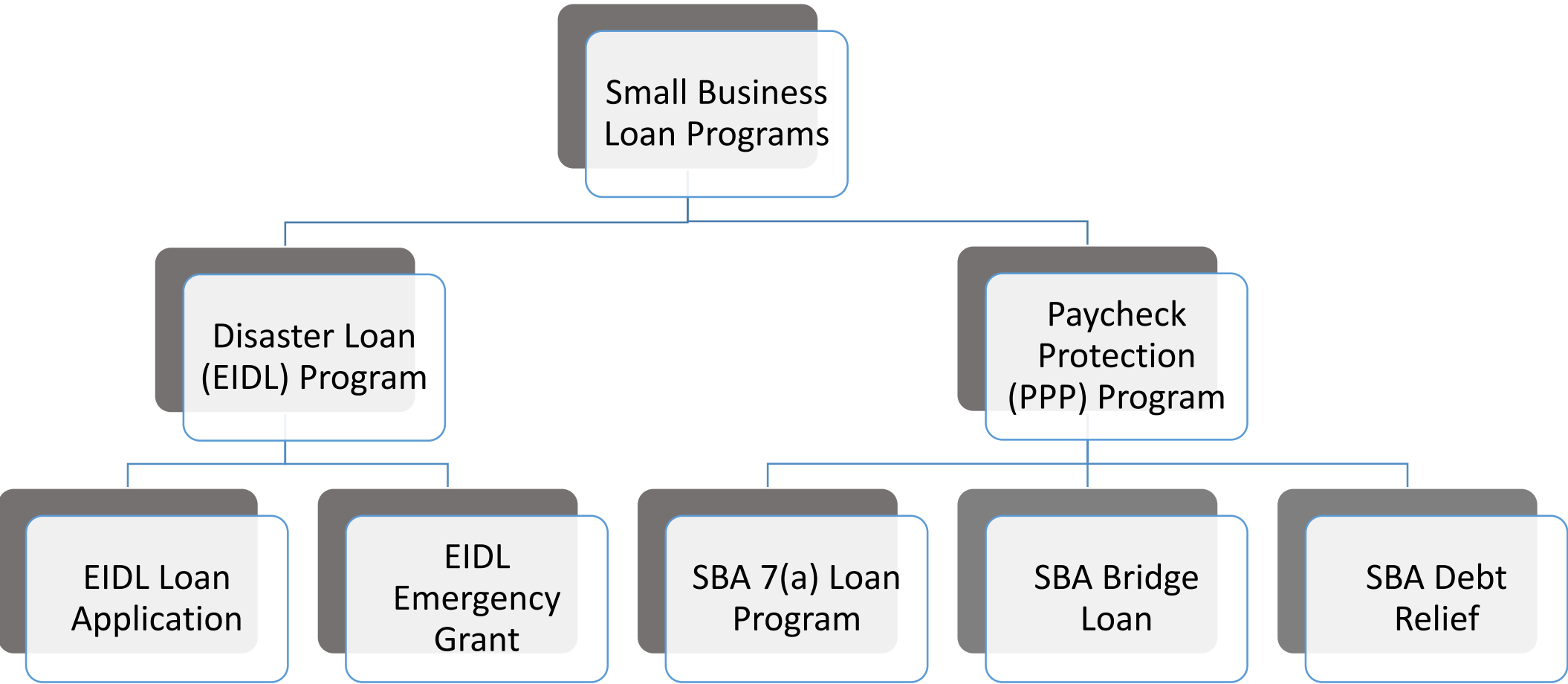
**Presented by Bob Sifferman, Fort Worth SCORE Chapter with participation
by Rodney Johnson, Director, Tarrant Small Business Development Center**

*Be Aware That This Information in
Constantly Changing*

Overview of the CARES Act 2020



Small Business Assistance



Loan Comparisons

| | Economic Injury Disaster (EILD) Loan Program | Paycheck Protection (PPP) Program |
|--------------------|--|--|
| Use of Loan | Loans are for the sole purpose to cover operating costs such as employee salaries, mortgage, insurance rent and any other debt obligations | Loans are for the sole purpose to cover operating costs such as employee salaries, mortgage, insurance rent and other debt obligations |
| Max Loan Amount | \$2,000,000 per business | \$10,000,000 per business |
| Eligibility | Small Business, 501(c)(3) Nonprofits and Independent Contractor under 500 employees. Agricultural firms are NOT eligible | Small Business, 501(c)(3) Nonprofits and Independent Contractor under 500 employees. Agricultural firms are NOT eligible |
| Term of Loan | 30 Years | 10 years |
| Interest Rates | 2.75% Nonprofits, 3.75% small business | 4% |
| Application Filed | SBA | SBA-approved Bank, Micro lenders or Community development lenders |
| Funds Disbursement | Directly from the SBA | Directly from the SBA-approved lender |
| Collateral | Not required up to \$200K of loan amount | Not required |
| Fees | No fees to apply | No fees to apply |
| Penalties | No penalty to pay down loan | No penalty to pay down loan |
| Payments | Deferred for one year | Deferred for 6 months to 1 year |

Economic Injury Disaster Loan (EIDL)

- SBA will review the following for loan acceptance:
 - Credit
 - Repayment abilities
 - SBA Case Manager may ask for additional information before final approval of the loan after acceptance of your application by the SBA
- \$2M limit per business, even those that have multiple locations, it will still probably be a \$2M limit
- **Emergency EIDL Grants**
 - Part of the EIDL loan application process
 - Up to \$10,000
 - Made available within 3 days of acceptance of loan submittal by SBA
 - DOESN'T HAVE TO BE REPAYED

EIDL – Other Considerations

- No obligation or penalties if you do not take the EIDL loan
- After receiving the initial EIDL loan you can ask for additional funds based on providing additional documentation
- If refused for a EIDL loan you can reapply within 6 months of original application

Paycheck Protection Program –Loan Amount Calculation

- Loan Amount will be based on the following:
 - Number of full-time and part-time employees
 - Coverage period 2/15/20 – 6/30/20
 - Based on **average total monthly payroll costs incurred during the one-year** period before the date of the loan
 - **Could receive up to 2.5 times** its average monthly payroll costs subject to a \$10 million limitation
- Not included in calculation:
 - individual employee compensation over \$100,000;
 - payroll and income taxes;
 - compensation for an employee with a principal place of residence outside the United States; and
 - qualified sick leave or family leave wages for which a business will receive a credit under the Families First Coronavirus Response Act.

Paycheck Protection Loan Forgiveness Criteria

- Amount of forgiveness cannot exceed the principal amount of the loan, but may equal up to a business's **costs during the 8 weeks following the date of the loan's origination** for the following categories:
 - Payroll costs;
 - Interest on real or personal property mortgage obligations in existence before February 15, 2020 and incurred in the ordinary course;
 - Rent under a lease agreement in force before February 15, 2020; and
 - Utility payments, including electricity, gas, water, transportation, telephone or internet, for which service began before February 15, 2020.

Paycheck Protection Program

- A business obtaining a loan through the Paycheck Protection Program **will not** be able to use the payroll tax credits available under the Families First Coronavirus Act for employee retention or the deferral of employer-side social security payroll taxes under the CARES Act.
- You can apply for both a EIDL and Paycheck Protection Loan but the funds must be used for covering separate company operating costs. No double dipping.
- The U.S. Treasury Department has said (as of March 30, 2020) that the Paycheck Protection Program (PPP) should be ready for small business by this Friday April 3

Paycheck Protection Loan Forgiveness

- Businesses that qualify for a small business loan under section 7(a) of the Small Business may qualify for loan forgiveness on portions of their SBA disaster loan.
- The borrowers that qualify for small business loans will be eligible to have only those portions of their loans forgiven for the amounts spent during an 8-week period after the origination date of the loan for payments related to the following expenses:
 - Payroll costs
 - Interest payments on a mortgage if the mortgage was incurred prior to February 15, 2020 (does not include principal or prepayment)
 - Rent payments under a lease that was in effect prior to February 15, 2020
 - Utility payments made on utility services if such services were in use prior to February 15, 2020

Paycheck Protection Loan Forgiveness

- There are certain limits on the amount of forgiveness for which the loan will not be forgiven, which include the following:
 - Amounts in excess of the principal on the loan will not be forgiven.
 - Forgiveness will be reduced proportionately by any reduction in employees retained compared to either (i) the prior year, or (ii) the period of January 1, 2020, thru February 29, 2020 (measured based on average employees per month).
 - Forgiveness will be reduced proportionately by any reduction in pay of any employee beyond 25% of their prior year compensation (measured from the most recent full quarter prior to the origination date of the loan).
 - Payroll costs eligible for forgiveness do not include compensation paid to employees in excess of \$100,000 annually.

Paycheck Protection Loan Forgiveness

- If the business has “tipped employees,” the business may receive forgiveness for additional wages paid to those employees.
- If borrowers re-hire workers that have already been laid off due to COVID-19 (within 30 days of the enactment of the CARES Act), they will not be penalized or have the loan forgiveness reduced by any reduction of employees or reduction in payments to employees, so long as the workers are re-hired on or before June 30, 2020.
- Any loan amounts that are not forgiven at the end of one year is carried forward for a max term of 10 years at max interest rate of 4%, and the 100% loan guarantee remains during the term.

SBA Bridge Loan

- Up to \$25,000
- 7 year term
- Expires 9/30/20
- SBA guarantee is 50%
- Made through SBA-approved lender that has already been doing Bridge Loans
- Eligible small businesses must already have a relationship with the lender

SBA Debt Relief

- The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by this health crisis.
- Under this program:
 - The SBA will also pay the principal and interest of **new 7(a) loans** issued prior to September 27, 2020.
 - The SBA will pay the principal and interest of **current 7(a) loans** for a period of six months.
 - Contact your SBA-approved lender on this program for more details

Contact Information

- Tarrant SBDC.org
 - 817-515-2603
 - admin@tarrantsbdc.org
- North Texas SBDC
 - 214-860-5831
 - NTSBDC.org
- SCORE Fort Worth
 - 817.871.6002
 - fortworth.score.org
- SCORE Dallas
 - 214.987.9491
 - Dallas.score.org

Questions?



More information concerning SBA and its programs at:

www.sba.gov or

www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources