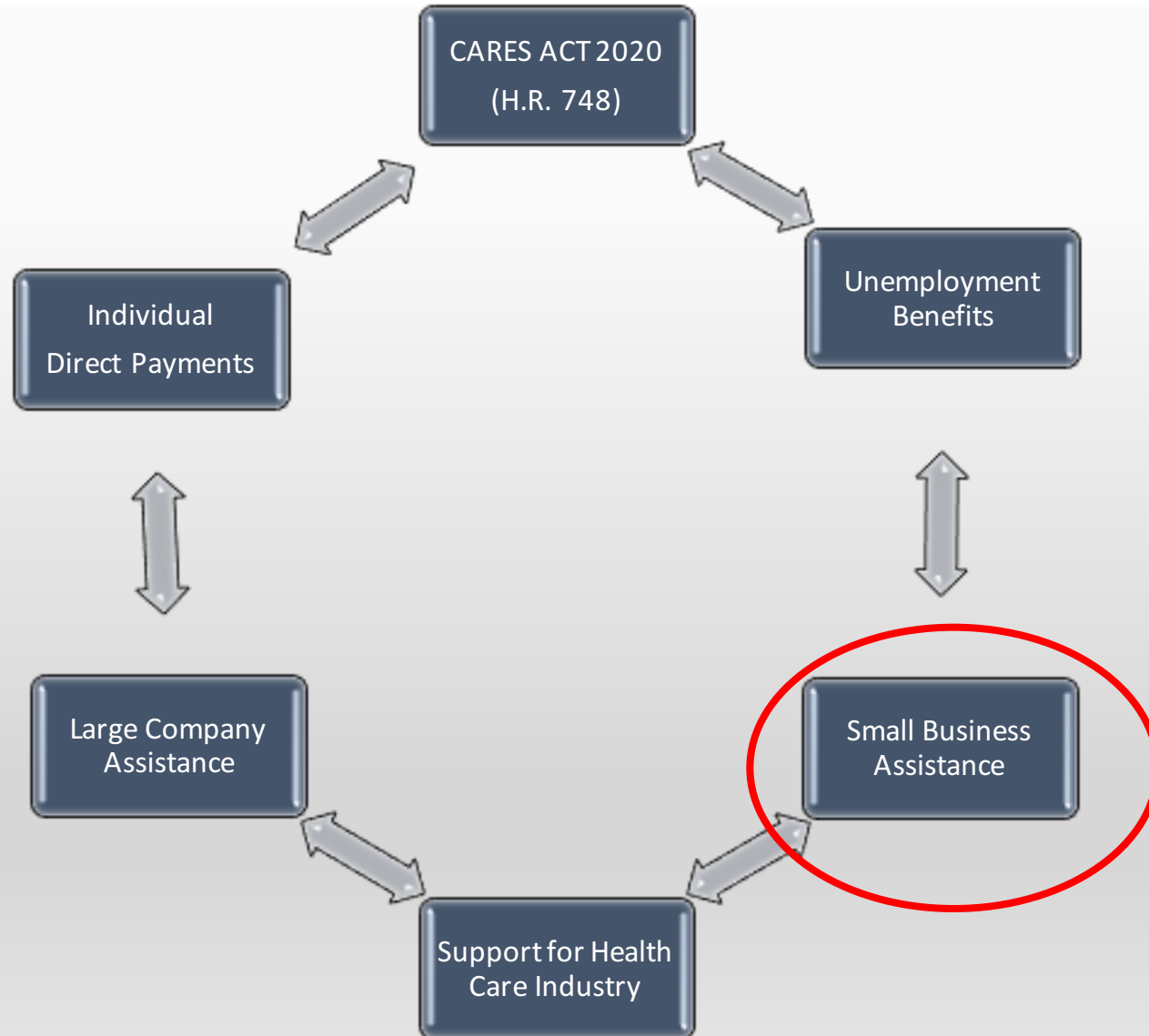


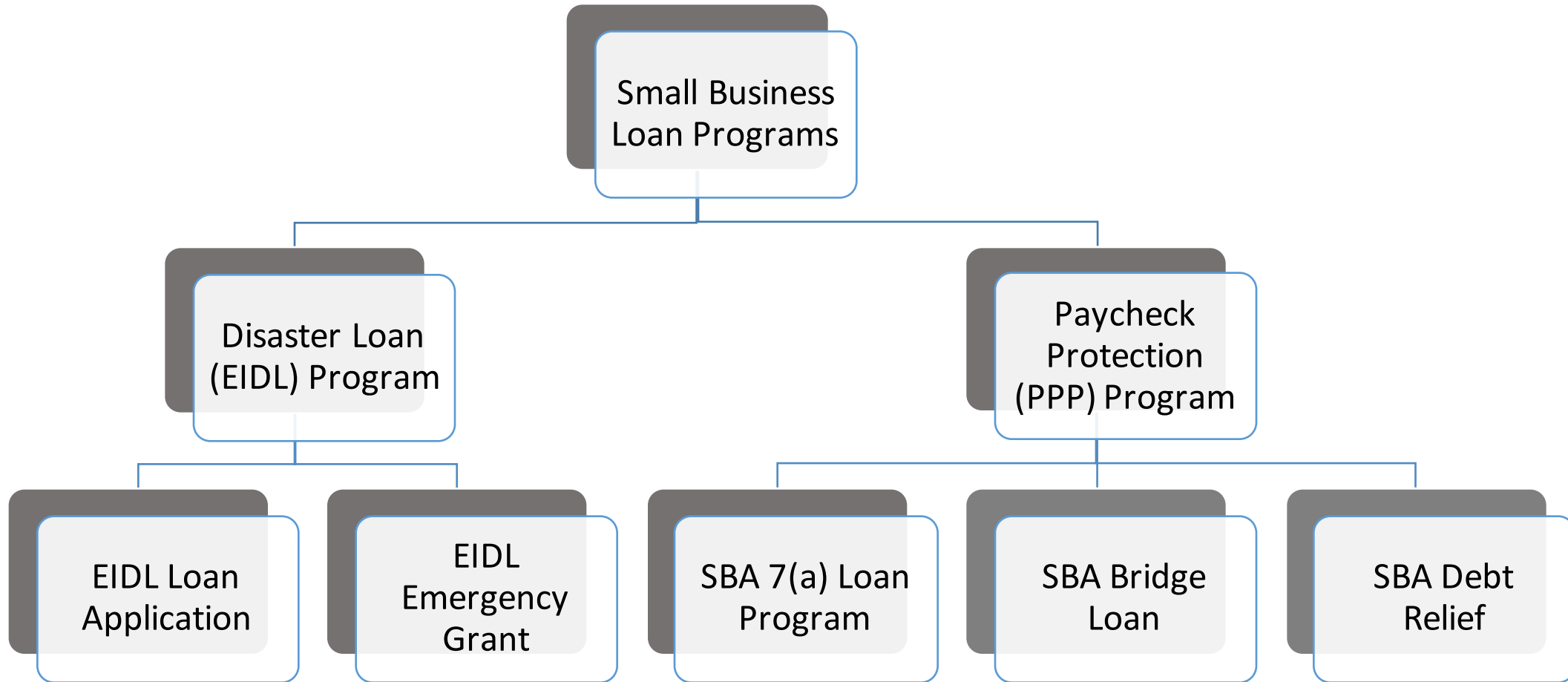
# **Coronavirus (Covid-19): SBA Small Business Loan Resources**

*Beware that this information is  
constantly changing.*

# Overview of the CARES Act 2020



# Small Business Assistance



# Loan Comparisons

	Economic Injury Disaster (EIDL) 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), Religious Nonprofits and Independent Contractor under 500 employees. Agricultural firms are NOT eligible	Small Business, 501(c)(3), Religious Nonprofits and Independent Contractor under 500 employees. Agricultural firms are NOT eligible
Term of Loan	30 Years	2 years
Interest Rates	2.75% Nonprofits, 3.75% small business	1%
Application Filed	SBA	SBA-approved Bank/Credit Union, Micro lenders or Community Development lenders
Funds Disbursement	Directly from the SBA	Directly from the SBA-approved lender
Collateral	Required only if loan is over \$200K	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
  - DOES NOT HAVE TO BE REPAYED
- SBA site to apply for the EIDL loan
  - [www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources](http://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources)

# 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
- How is the EIDL loan amount calculated??
  - Based on your SBA Case Manager reviewing the financial information you have provided
- If you have filed for the EIDL, with the SBA, before Monday morning March 30, 2020 please refile with the streamlined application if you want the Emergency EIDL Grant

# Paycheck Protection Program (PPP) – Loan Amount Calculation

- Loan Amount will be based on the following:
  - Number of full-time and part-time employees only
  - 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 (PPP) 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 Loan (PPP) 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 2 years at max interest rate of 1%, and the 100% loan guarantee remains during the term.

# Paycheck Protection Loan (PPP) Forgiveness

- 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 (PPP) 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.
- 75% or more of forgiveness of the loan needs to be in payroll costs

# Paycheck Protection Program (PPP)- Other Considerations

- A business obtaining a PPP loan **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.
- U.S. Treasury overview of PPP
  - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- List of SBA-sponsored lenders
  - <https://www.sba.gov/paycheckprotection/find>

# 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 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.
  - For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through **December 31, 2020**.
  - Contact your SBA-approved lender on this program for more details

# SBA Bridge Loan

- Up to \$25,000
- 7 year term
- Expires 9/30/20
- Will be repaid by in full or part by the proceeds of the EIDL loan
- Made through SBA-approved lender that has already been doing Bridge Loans
- Eligible small businesses must already have a relationship with the lender

# Contact Information

- Tarrant SBDC.org
  - 817-515-2603
  - [admin@tarrantsbdc.org](mailto:admin@tarrantsbdc.org)
- North Texas SBDC
  - 214-860-5831
  - [NTSBDC.org](http://NTSBDC.org)
- SCORE Fort Worth
  - 817.871.6002
  - [fortworth.score.org](http://fortworth.score.org)
- SCORE Dallas
  - 214.987.9491
  - [Dallas.score.org](http://Dallas.score.org)

# Questions?



More information concerning SBA and its programs at:  
[www.sba.gov](http://www.sba.gov) or  
[www.sba.gov/funding-programs/disaster-assistance](http://www.sba.gov/funding-programs/disaster-assistance)