

**Coronavirus (COVID-19):
Small Business Guidance & Loan Resources**



U.S. Small Business
Administration

Loan Programs Available

- **Paycheck Protection Program**
- **Economic Injury Disaster Loans and Loan Advance**

Paycheck Protection Program

Overview

- Eligible recipients may qualify for a loan up to \$10 million determined by average monthly prior year payroll.
 - Compensation limited to \$100K for calculations.
- Loan payments will be deferred for six months.
- 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.

Paycheck Protection Program

Who is eligible?

- Any small business with fewer than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by coronavirus/COVID-19.
- Businesses in certain industries may have more than 500 employees if they meet the [SBA's size standards](#) for those industries.
- Small businesses in the hospitality and food industry with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means each store location could be eligible.

Paycheck Protection Program

How to apply

- This loan has a maturity of 2 years and an interest rate of 1%
- 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.
- Lenders may begin processing loan applications as soon as April 3, 2020. The program will be available through June 30, 2020.
- Find lenders at <https://www.sba.gov/paycheckprotection/find>

Paycheck Protection Program

Documentation Requirements

- Application - [SBA Form 2483](#)
- Payroll records from prior year
- Calculations –
 - Average monthly payroll * 2.5
- Detailed rules [here](#)

e. *How do I calculate the maximum amount I can borrow?*

The following methodology, which is one of the methodologies contained in the Act, will be most useful for many applicants.

- Step 1: Aggregate payroll costs (defined in detail below in f.) from the last twelve months for employees whose principal place of residence is the United States.
- Step 2: Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.
- Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
- Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the

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amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).

Economic Injury Disaster Loan Program

Terms

- Working capital loans worth up to \$2 million.
- Interest rates are 3.75 % for small businesses
2.75 % for nonprofit organizations
- Terms up to 30 years
- First payment deferred for one year

Economic Injury Disaster Loan Program

Terms

What businesses are eligible to apply?

- small businesses
- small agricultural cooperatives
- small aquaculture businesses
- most private non-profit organizations

How can I use the loan funds?

- Fixed debts
- Payroll
- Accounts payable
- Other bills that could have been paid had the disaster not occurred

Economic Injury Disaster Loan Program

Terms

Criteria for approval

- Credit History
- Repayment
- Eligibility

Collateral

- Loans over \$25,000 require collateral.
- Lack of collateral is not a reason for decline.
- SBA takes real estate as collateral when it is available.

Economic Injury Disaster Loan Program

Different from other loans

- Applicants do not go through a bank to apply. Funds come directly from the U.S. Treasury.
- There is no cost to apply.
- There is no obligation to take the loan if offered.
- The maximum unsecured loan amount is \$25,000.
- Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated.

Economic Injury Disaster Loan Program

How to apply

- Recommended: Apply online at **www.sba.gov/disaster**
- Paper loan applications can be downloaded from www.sba.gov/disaster and mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.
- Information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by emailing disastercustomerservice@sba.gov.

Economic Injury Disaster Loan Program

Basic Filing Requirements

- Completed SBA loan application (SBA Form 5).
- Tax Information Authorization (IRS Form 4506T) for the applicant, principals and affiliates.
- Complete copies of the most recent Business Federal Income Tax Return.
- Schedule of Liabilities (SBA Form 2202).
- Personal Financial Statement (SBA Form 413).
- Other Information may be requested.

Economic Injury Disaster Loan Program

Tips before you submit

- Recheck the filing requirements to ensure all needed information is submitted. The biggest reason for delays in processing is missing information.
- 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.
- 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.

Economic Injury Disaster Loan Advance

- The form to apply is part of the Economic Injury Disaster Loan application. If approved, these funds can be used for payroll and other operating expenses and will be forgiven.
- Visit **www.sba.gov/disaster** to apply for both the Economic Injury Disaster Loan and Economic Injury Disaster Loan Advance.
- Those who have already applied for the loan will receive guidance through email. New applicants will automatically be considered for both EIDL and EIDL Advance.

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: Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBC), and Veteran's Business Outreach Centers and local Chambers of Commerce.
- For the nearest office, visit: www.sba.gov/local-assistance
- Illinois District is hosting two training sessions daily (11a and 3p)
 - Go to www.sba.gov/il for more information.

Frequently Asked Questions

- **My business just started recently. Am I eligible?**

There is no minimum time that a business must have been open, but you must demonstrate that the disaster caused economic injury.

- **What's the minimum credit score?**

There is no minimum cutoff number. Credit score is considered, but our underwriters use a number of factors in evaluating applications.

- **What if I own more than one business? What if my business has locations in more than one state?**

Apply in the state where your headquarters or primary location is. Additionally, if you have two similar businesses, apply together. If you have two different businesses – say, a restaurant and a staffing company -- apply separately.

Frequently Asked Questions

- **What collateral/personal guarantee is required (EIDL)?**

Personal guarantees are required. If collateral is available, it must be offered for loans over \$25,000, but a lack of collateral isn't a reason for a loan to be denied. Real estate is the preferred form of collateral, but machinery, equipment, and inventory will also be accepted.

- **What is the turnaround time?**

From application to funds being disbursed, we expect about one month.

Any Questions?

More information concerning SBA and its programs:

www.sba.gov/disaster

www.sba.gov/coronavirus

Additional help:

SBA Disaster Customer Service Center,
7a to 9p ET seven days a week

(800) 659-2955 | disastercustomerservice@sba.gov