



WHITTAKER & COMPANY

# Federal programs helpful for many businesses.

As of April 2, 2020



The economic landscape for many small businesses has changed dramatically because of COVID-19. If your business has been affected, loans from the Small Business Administration (SBA) may be able to help you stay afloat, pay your employees and cover other expenses. Here are highlights of the new or expanded programs. You want your business to get back up to full speed as quickly as possible and we're here to help. Circumstances differ, so contact us if you'd like to review your financing options as you make short- and long-term planning decisions.

# Paycheck Protection Plan

The Coronavirus Aid, Relief and Economic Security (CARES) Act dedicates \$350 billion to small business relief. The Act includes the Paycheck Protection Plan (PPP), to provide cash-flow assistance for employers to maintain payroll during this crisis through SBA loans. Attractive features include the opportunity for debt forgiveness, no loan fees, a 6-month deferral on loan payments and no personal guarantees or collateral required. **Funding is available through June 30, 2020, and applying quickly is recommended.**

- It is available to small businesses and not-for-profits with no more than 500 employees, self-employed individuals and independent contractors.
- Funding cannot exceed the lesser of \$10 million or 2.5 times the company's average monthly payroll.

PPP funding of up to \$10M can help fund wages and other expenses to keep your employees on the payroll.

- Eligible expenses include payroll costs, rent, interest on mortgages and utilities and other costs.
- You must apply for loan forgiveness through your lender. Documentation is required. Loan forgiveness is subject to reductions for decreases in employee wages and headcount.
- Principal and interest payments are deferred for six months after disbursement. Loan amounts not forgiven will have a maximum term of two years at a maximum interest rate of 1%.
- All current SBA 7(a) lenders can provide funding and others are expected to be added quickly.
- The 100 most active SBA 7(a) lenders are [listed here](#). You can also check with your bank to see if it is an SBA lender.

With the favorable terms offered through this option, you may want to consider this to get your employees back on the payroll and ready to return to work as soon as the situation allows. This is a high-level overview and we suggest discussing this option with us in more detail if you are interested in using this funding mechanism.

# Economic Injury Disaster Loan (EIDL) and Emergency Economic Injury Grants

The SBA provides Economic Injury Disaster Loans (EIDL) and Emergency Economic Injury Grants to help small businesses and private not-for-profits in declared disaster areas. EIDLs are low interest with favorable terms. The grants are an emergency advance up to \$10,000, funded within three business days, and do not need to be repaid.

- EIDLs and grants are available for small businesses, private not-for-profits, independent contractors and Tribal small businesses. Small business standards can be verified using the [SBA's Size Standard Tool](#).
- EIDLs are up to \$2 million with interest rates at 3.75% for businesses and 2.75% for not-for-profits. Principle and interest are deferrable up to four years. Long-term repayment is available for up to 30 years. Grants are up to \$10,000.
- Eligible expenses include payroll, rent, mortgage payments and other business obligations that would have been met had the disaster not occurred.
- Apply online at [covid19relief.sba.gov](https://covid19relief.sba.gov).



Grants of up to \$10,000 may be available and funded in three days.

# Small Business Debt Relief Program

The SBA provides non-disaster loans to small businesses through the 7(a), 504 and microloan programs. The program includes principal, interest and fee deferral up to six months for existing and new borrowers.

- Businesses must comply with [size standards](#), be based in the United States, have the ability to repay the loan, contribute equity, be a for-profit entity and exhaust other financing options.
- Loans range from \$500 to \$5.5 million and include competitive terms, counseling and education.
- Funds can be used for working capital, refinancing other debt, furniture, fixtures, equipment, real estate, machinery and construction.
- The SBA uses a network of approved lenders. The 100 most active SBA 7(a) lenders are [listed here](#). You can also check with your current bank to see if it is an SBA lender.

Loans range from \$500 to \$5.5 million and include competitive terms, counseling and education.



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