

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



U.S. Small Business
Administration

Loan Programs Available

- **Paycheck Protection Program**
- **SBA Debt Relief**
- **SBA Express Bridge Loans**

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.

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).

Paycheck Protection Program

Use of proceeds

- The proceeds of a PPP loan are to be used for:
 - payroll costs (as defined in the Act and in 2.f.);
 - costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
 - mortgage interest payments (but not mortgage prepayments or principal payments);
 - rent payments;
 - utility payments;
 - interest payments on any other debt obligations that were incurred before February 15, 2020; and/or
 - refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

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 **current 7(a) loans** for a period of six months.
 - The SBA will also pay the principal and interest of **new 7(a) loans** issued prior to September 27, 2020.
- Your lenders will be receiving more guidance on this program soon.

Express Bridge Loan Program

- If a small business has an urgent need for cash while waiting for an Economic Injury Disaster Loan decision and disbursement, they may qualify for an [SBA Express Disaster Bridge Loan](#).
- Small businesses who currently have a business relationship with an SBA Express Lender can access up to \$25,000 with less paperwork.
- Help overcome the temporary loss of revenue and can be a term loan or used to bridge the gap while applying for a direct [SBA Economic Injury Disaster loan](#).

Express Bridge Loan Program

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the Economic Injury Disaster Loan
- Maturity up to 7 years
- 50% guaranty applies
- Loans can be made up to 6 months after disaster declaration
- Only one Express Bridge Loan per applicant
- No collateral required
- Same fees apply

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 training sessions as new information is provided.
 - Go to www.sba.gov/il for more information.

Any Questions?

More information concerning SBA and its programs:

www.sba.gov/disaster

www.sba.gov/coronavirus

www.sba.gov/il

Additional help:

Illinois District Office

Illinois.DO@sba.gov

SBA Disaster Customer Service Center,

7a to 9p ET seven days a week

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