

Coronavirus Relief Options



U.S. Small Business
Administration

- Thank you for joining us for an overview of the SBA disaster loan funding options.
- During the presentation, all attendees will have audio and video muted.
- We ask that you place all questions in the chat box.
- For those of you having problems accessing the Skype link, we will be announcing slide transition so you can follow along with the slide deck you previously received.

SBA's Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL) Advance
- SBA Express Bridge Loan
- SBA Debt Relief



Administrator Jovita Carranza

Our nation's small businesses are facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. On Friday, March 27, 2020, the President signed into law the CARES Act, which contains \$376 billion in relief for American workers and small businesses.

In response to the Coronavirus (COVID-19) pandemic, small business owners and non-profit organizations in all U.S. states, Washington D.C., and territories are eligible to take advantage of a variety of funding options. Some information that is common across all the programs include that:

- You can have multiple SBA loans but only one PPP loan and one EIDL per business; and
- Applicants are required to have a Social Security Number or EIN
- **Providing complete and accurate information will allow those reviewing your applications to make better determinations**

Paycheck Protection Program (PPP)



- **Eligibility (in operation 2/15/2020)**
 - Under 500 employees, or over 500 but small by size standards
 - Tax-exempt nonprofits 501(c)(3)
 - Veterans organizations 501(c)(19)
 - Tribal concerns
 - Sole proprietor, independent contractor, self-employed (4/10)

- **Purpose**
 - Payroll, interest on mortgage, rent, utilities
 - **Forgiven if used substantially for payroll – some requirements**



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- The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.
- Eligible nonprofits include faith-based organizations

- It covers up to 8 weeks of payroll, interest on mortgages, rent and utilities.
- Payroll costs include salary, wages, cash tips, vacation/sick leave, and a variety of other benefits.
- Forgiveness will be based on the employer maintaining or quickly rehiring employees and maintaining salary levels and will be reduced if full-time headcount declines, or if salaries and wages decrease.
- If an EIDL was also received, that amount may be added to this loan for payoff of the EIDL if the EIDL was used for payroll expenses.

Paycheck Protection Program (PPP)



- Up to \$10M, 2-year term, 1% interest
 - Loan payments deferred for 6 months, interest will accrue
- **Required documentation**
 - **Payroll records or tax filings**
 - **Form 1099-MISC**
 - **Income expense for sole proprietorship**
- No Fees, Collateral or Personal Guarantees
- Apply directly with Lender - <https://www.sba.gov/content/minnesota-lenders-list>
- You can see sample documents at the PPP website (Forms [2483,2484](#))
- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>



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- The maximum amount of loan is \$10M. The term for any portion not forgiven is 2 years at 1% interest
- Loan payments will be deferred for 6 months during which time interest will accrue
- The bank will require appropriate documents to support payroll costs.
- SBA is not requiring collateral or personal guarantees and no fees will be paid by the applicant.
- There is a list of eligible MN lenders on the Minnesota District Office website.
- Lenders will be doing electronic submissions, but you can use the documents listed to see what information borrowers and lenders will be required to provide
- Deadline is 6/30/2020

Paycheck Protection Program (PPP)

Some employees make more than \$100,000, outstanding EIDL loan of \$10,000

- Annual payroll: \$1,500,000
- Subtract compensation amounts in excess of annual salary of \$100,000: \$1,200,000
- Average monthly payroll: \$100,000
- Multiply by 2.5 = \$250,000
- Add EIDL loan of \$10,000 = \$260,000
- **Maximum loan amount is \$260,000**



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- This is an example of how the loan amount is calculated
- \$100,000 per employee is the maximum covered so amounts over \$100,000 will be subtracted out
- The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including: • employer contributions to defined-benefit or defined-contribution retirement plans; • payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and • payment of state and local taxes assessed on compensation of employees.”
- That amount will be divided by 12 to determine the average monthly amount
- Then multiplied by 2.5 to determine the 8 week amount
- If the EIDL loan was also used for payroll expense, it gets added to create a final loan amount.
- As of now, we don't know what kind of documentation will be required to support requesting forgiveness of the loan.

Economic Injury Disaster Loan Advance

Any entity that is eligible to apply for a COVID-19 Economic Injury Disaster Loan is eligible for the loan advance

- Up to \$10,000
- Will be deposited within 3-5 business days
- No requirement to repay advance, even if denied for a disaster loan
- Applications submitted prior to March 30, 2020 need to reapply at the new portal for the Advance.

How can I use the loan advance funds?

- Payroll costs, salaries, sick leave
 - Rent or mortgage payments
 - Material costs
- Pre-existing debt



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- This is an advance on the loan.
- Applicants are eligible for up to \$10,000 that may be requested immediately by opting in at the end of the Economic Injury Disaster Loan application.
- There is no requirement to repay advance, even if the applicant is denied a disaster loan.
- If someone submitted an EIDL application prior to March 30, they must reapply using the new streamlined application and check the box for the advance as well because the advance was not previously available.
- You will have until Dec 31st, 2020 to apply for the advance.

Economic Injury Disaster Loan Advance Eligibility

FOR-PROFIT SMALL BUSINESS

- Small business with less than 500 employees
- Businesses over 500 that meet size standards
- Tribal small business concerns under 500 employees

NON-PROFIT ORGANIZATIONS

- Private non-profit organizations
- Faith-based organizations

Visit: <https://www.sba.gov/size>



- To be eligible, a for-profit small business or non-profit organization must have been in operation before Feb. 1, 2020.
- Eligible businesses include individuals who are sole proprietors or independent contractors, ESOPs and cooperatives.
- If you are over 500 employees, visit the link provided to determine if you are small by SBA size standards.
- Nonprofits that are granted tax exemption under sections 501(c), (d), or (e) by the IRS or have satisfactory evidence under State law are eligible.
- Examples include nursing homes, food kitchens, museums, educational facilities, senior citizen centers, daycare centers, playhouses, community centers, shelters, rescue organizations, associations, etc.

SBA loan officers will review each application and decide on eligibility based on the information provided in the application.

Streamlined Application Process

Covid-19 Economic Injury Disaster Loan Application

<https://covid19relief.sba.gov/#/>



ELIGIBLE ENTITY VERIFICATION

Choose One:

- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at <https://www.sba.gov/size-standards>.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at <https://www.sba.gov/size-standards>.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c),(d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.



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- The new streamlined application process allows businesses to apply for both the Economic Injury Disaster Loan Advance.
- On the following pages you will provide business information and business owner information.
- Additional supporting information may be necessary and requested as needed by your loan officer after you apply.
- Timeline for receipt of loan funds will depend on the size of the loan and the volume of applications.

Please do not email any additional documents to SBA unless requested. If you are contacted via email, please double check your reference number to avoid scams and fraud. You will NOT be contacted via phone.

Updated Application Process

Review and Check All of the Following:

Applicant must review and check all the following (If Applicant is unable to check all of the following, Applicant is not an Eligible Entity):

- Applicant is not engaged in any illegal activity (as defined by Federal guidelines).
- No principal of the Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations.
- Applicant is not an agricultural enterprise (e.g., farm), other than an aquaculture enterprise, agricultural cooperative, or nursery.
- Applicant does not present live performances of a prurient sexual nature or derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Applicant does not derive more than one-third of gross annual revenue from legal gambling activities.
- Applicant is not in the business of lobbying.
- Applicant cannot be a state, local, or municipal government entity and cannot be a member of Congress.

If you have questions about this application or problems providing the required information, please contact our Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339) DisasterCustomerService@sba.gov.

Continue >



- Next you will need to verify certain items to ensure eligibility for the program.
- Failure to check all listed items will make the applicant ineligible.
- Note that agricultural enterprises are not an eligible entity under EIDL Advance.
- You can contact the customer service staff by email or phone number for clarification at any point during the application process.
- It is estimated that the online application will take less than 2 hours, including gathering all required information.

SBA Express Bridge Loans



- **Current customers of SBA Express Lenders are eligible**
 - Apply with Express Lenders -
https://www.sba.gov/sites/default/files/articles/SBA_Minnesota_Express_Lenders_March_30_2020.pdf
 - Loan amount up to \$25,000 for up to 7 years
 - Interest rate is Prime +6.5%
 - Guarantee fee – 2% on guaranteed portion of loan
 - Use for working capital
 - Collateral not required
 - Personal guaranty is required
 - **Lender can require loan to be repaid with disaster funds.**
 - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>



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- The Express Bridge Loan Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly
- There is a list of those lenders on our website
- Use of capital does not include revolving lines of credit
- Applicants must meet SBA size standards
- Deadline for filing is 3/31/2021

SBA Debt Relief



Eligibility

- Current 504, 7(a) and Microloan borrowers are eligible
- New 504, 7(a) and Microloan loans between 3/27/2020 and 9/26/2020 are also eligible
 - Size Standards - <https://www.sba.gov/document/support--table-size-standards>

Loan Specifics

- Size of loan, interest rate, term, fees, use of proceeds, and collateral are determined by the loan program
 - Information on SBA loan programs ins Resource Guide - https://www.sba.gov/sites/default/files/files/resourceguide_3122.pdf



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- The Debt Relief program was established to assist current and new SBA borrowers with payments of principal, interest and fees for six months starting March 27 , 2020 .
- Regular program requirements must be met by new borrowers including being small by SBA size standards
- Information on these specific programs can be found in the district office resource guide

SBA Debt Relief



- Personal guarantees are required
- **SBA will cover principal, interest and fees for 6 months**
- Apply with a lender that participates in the loan program
 - Participating Lenders -
https://www.sba.gov/sites/default/files/articles/Complete_Lender_List_2020april2.pdf
- Deadline to apply for new loans is 9/26/2020
- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>



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- If you currently have one of these loans, reach out to the lender who holds the loan
- For new loans, check with your current lender or one of the participating lenders on the Minnesota websites
- The deadline to apply for this program is 9/26/2020

Assistance From SBA Partners

No-cost technical assistance, consulting, and mentorship from any of [SBA's Resource Partners](#):

- **Small Business Development Centers (SBDCs)** - <https://mn.gov/deed/business/help/sbdc/>
- **SCORE** - <https://www.score.org/>
- **Women's Business Centers (WBC)**
 - **WomenVenture** - <https://www.womenventure.org/>
 - **Women's Business Alliance** - <https://www.entrepreneurfund.org/womens-business-alliance/>
- **Veteran's Business Outreach Centers** - <https://www.wvbc.com/veterans/>



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- Minnesota has great SBA resource partners around the state.
- They can help small business owners prepare and understand their financial statements as well as provide general business advice.
- We encourage you to contact our resource partners and utilize their expertise.

Other Financial Resources in Minnesota

DEED, MN Dept. of Employment and Econ. Development State of Minnesota

[Small Business Emergency Loan](#)

Up to \$35,000 through state certified lenders

[Minnesota Small Business Loan Guarantee Program](#)

Up to \$200,000 for businesses with < than 250 employees

[Frequently Asked Questions for Employers and Businesses](#)

[Unemployment Insurance](#)

[Health Insurance Resources](#)



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- The State of Minnesota also has resources available to assist small business owners.
- Small Business Emergency Loans will use a list of state certified lenders to make loans up to \$35,000. This is for a specific group of businesses.
- The Minnesota Small Business Loan Guarantee Program will help businesses with less than 250 employees with loans up to \$200,000.
- The Department of Employment and Economic Development maintains a website of frequently asked questions for employers and businesses.
- There is also information for workers on unemployment and health coverage.

Health Resources in Minnesota

[Minnesota Department of Health](#)

- [MDH materials in Amharic, Arabic, Chinese, Hmong, Karen, Russian, Somali, and Vietnamese](#)

[Centers for Disease Control and Prevention](#)

[World Health Organization](#)

- For information specific to COVID-19, the Minnesota Department of Health provides Minnesota-specific information, including in other languages.
- The Center for Disease Control and the World Health Organization are also helpful.

BEWARE OF SCAMS AND FRAUD SCHEMES

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the largest financial assistance bill to date, includes provisions to help small businesses. Fraudsters have already begun targeting small business owners during these economically difficult times. Be on the lookout for grant fraud, loan fraud, and phishing.

From our Partners at IRS: BE AWARE OF SCAMS RELATED TO THE STIMULUS PAYMENT

- Government agencies will not call, text, or email you requesting information for stimulus payments.
- Be aware of phishing calls, emails, or texts that include language such as: "In order to receive your stimulus payment by direct deposit, you must confirm your bank information."



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- Some final information on scams and fraud schemes.
- Again, there is no cost to apply for the Economic Injury Disaster Loan or Advance.
- SBA does not solicit contact on either 7a or disaster loans or grants, nor do we require upfront payments of any kind.
- Please be mindful of 3rd parties who take payments for helping you fill out the application.
- If you are contacted regarding your loan via email, ensure that the reference application number is consistent with your actual application number. If in doubt, please verify all program information at sba.gov or by contacting SBA directly.

Any Questions?



More information concerning
SBA and its programs

Sign up for updates at www.sba.gov/updates

Follow us on Twitter [@sba_minnesota](https://twitter.com/sba_minnesota)

Send questions to:

Minneapolis.mn@sba.gov | 612.370.2324

disastercustomerservice@sba.gov | 800-659-2955

(800-877-8339 for the deaf and hard-of-hearing)



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- We are working hard to get you access and accurate information about all SBA's programs.
- The best way to get real-time information is to sign up for our updates at sba.gov/updates. Please type in your zip code to get local information and resources.
- To reach out to the SBA Minnesota District Office our email is Minneapolis.mn@sba.gov and phone number is 612.370.2324.
- For information on your EIDL Advance application, please contact disastercustomerservice@sba.gov | 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing). Operators are standing by to support you.