

SBA COVID-19 Financial Assistance Information

A. Information from April 1, 2020 SBA Zoom Meeting

Guest: Steve Schillig with Kent State Tuscarawas Small Business Development Center

This information is from notes taken at meeting. Please refer to pages 2-4 for SBA information. SBA information is changing daily. This information is a guide. Please check with your local lender, the Chamber resource page and/or the SBA website for updates.

Chamber: www.jeffersoncountychamber.com

SBA COVID-19 Assistance: <https://www.sbdcksut.org/covid19-disaster-assistance>

Three main loan programs:

1. EIDL or Economic Injury Disaster Loan

- Online application
- Very quick, 10 to 15 minutes
- Application is for a \$10,000 forgivable grant and will put you in the queue to apply for a “regular” SBA loan if needed.
- Its terms are generous. Max 30 years to repay but most are shorter. 3.75% interest. No prepayment penalty.
- No fees to apply.
- No obligation to take the regular loan if you apply for a receive the \$10,000.
- Payments are deferred 11 months from closing date.
- Once you apply, you’ll receive an application number and you’ll be contacted. Time frames are unsure at this point.
- No bank participation for this program.

2. Express Bridge Loan

- Requires bank participation.
- Terms not as generous as #1.
- \$25,000 loan option
- You work with an SBA Express certified lender.
- Normal SBA fees and rates apply.
- Term: 7 years

3. Payroll Protection Plan

- Requires bank participation
- Forgivable loans to cover payroll.
- Calculated by business’ payroll figures.
- May be forgivable if you meet certain criteria re: payroll.
- ½ percent, 2 year term.

B. Information from the SBA:

ECONOMIC INJURY DISASTER LOAN PROGRAM (EIDL) as March 30, 2020

Quick Reference Guide:

I. EIDL- Direct loan with the SBA

a. Details about the program:

- i. For profit business and private non-profit (non-government organization)
 1. Must meet SBA's eligibility standards: <https://www.sba.gov/size-standards/>
 - ii. 11-month payment deferment. First payment due 12 months from the date of the Promissory Note.
 - iii. Funds available for working capital losses due to the virus. No expansion or consolidation of debt. Potential allowable items:
 1. Payroll
 2. Loan payments
 3. Operating expenses
 4. Payables
 - iv. Support on-going operations. Cover the costs/expenses to stay afloat.
 - v. No pre-pay penalty.
 - vi. Apply for this credit even if you have availability under a line of credit, etc. They do not expect you to burn through your resources.
 - vii. No loan fees but you will have some costs associated with collateral filings.
 - viii. Term is up to 30 years. Loan processor will set the terms. Repayment term is based on ability to pay.
 - ix. Owner's Draws/ Salaries will be determined by the Personal Financial Statement. Make a note on the application of the funds generally needed.
 - x. Loan processor will determine loan amount. No specified formula. Maximum amount is \$2,000,000.
 - xi. 21 days for approval (based on volume).
 - xii. Many policies normally required when securing a loan are being waived to expedite the closing.
 - xiii. This is a federal program so for additional resources check local sources.
- b. Video tips on the application process: <https://youtu.be/mlxnFOJ0qvE>
- c. Website to apply: <https://covid19relief.sba.gov/#/> (Note: the new online application process which started 3/30/2020 has been streamlined and you need:
- i. Sales, COGS, # of employees.
 - ii. Owner/manager personal information.
 - iii. Routing/account number for your bank
 - iv. Forms required under the previous process:
 1. Form 5 Application: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_007a4c37fbbb465fa16844fd0e12fa95.pdf
 2. Form 5C Sole Proprietorship: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_b722757f630247cab540f0d5a7a309f4.pdf
 3. Form P-019 Loan Supporting Information: <https://sbdctec.com/wp-content/uploads/2020/03/EIDLSupportingInformation.pdf>
 4. Form 413 Personal Financial Statement: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_92fb1546150b4085b992d7dfca2fb0de.pdf
 5. Form 1368 Additional Info: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_df8833c8537343bd94a8d30ebe4ea15e.pdf

6. Form 2202 Schedule of Liabilities: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_1252bfc19dcb4d40a74689e6f9c157d3.pdf
7. Form 4506T Tax Info Authorization: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_ffda8913ea6c4801ab3a46bfc7d18d82.pdf
8. Instructions Request for Transcript of Tax Return (IRS Form 4506T): https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_c3d3ae86ed9c4cedb04be10fb6e61db5.pdf

II. Express Bridge Loan (EBL) Program- direct with an SBA Express Lender

- a. Details about the program:
 - i. EBL loans can only be made by SBA Express Lenders
 - ii. Must have an existing banking relationship with lender.
 - iii. Small business must have been operational when the declared disaster commenced.
 - iv. Terms & Conditions:
 1. Credit not available elsewhere
 2. Business location in disaster area
 3. Adverse impact
 4. Lenders can obtain loan numbers for period of 6 months
 5. Only one EBL loan
 6. Maximum loan \$25,000
 7. 7-year term loan, no revolving lines of credit
 8. Lender may request loan be paid in full or part by approved long-term disaster financing
 9. Maximum rate Prime + 6.5%
 10. Same SBA fees as with the Express loan program
 11. Lender not required to take collateral
 - v. Credit Standards:
 1. Credit scores
 - a. Business
 - b. Personal
 2. IRS Tax Equivalent (4506-T)
 3. Existing banking relationship
 - vi. Applicant must be small under SBA Size Requirements
 - vii. Forms
 1. SBA Form 1920-application
 2. SBA Form 1919-Borrower Information Form
 3. SBA Form 159-Fees paid by applicant for the loan
 4. SBA Form 601-If proceeds of \$10,000 or more are for construction
 5. SBA Form 912-Statement of Personal History
 - viii. EBL loan must be documented within 45 days of assigned SBA loan number and no later than 90 days
- b. Complete report: <https://www.sba.gov/sites/default/files/2020-03/Express-Bridge-Loan-Pilot-Program-Guide-FINAL-3.25.20.pdf>

III. Cares Act – Payroll Protection Plan

- a. Several links to details on the Paycheck Protection Plan:

- i. <https://files.constantcontact.com/f7ab3ba7001/b3a65464-72b5-4c49-bb29-4754b081bc09.pdf>
- ii. https://www.sbc.senate.gov/public/_cache/files/9/7/97ac840c-28b7-4e49-b872-d30a995d8dae/F2CF1DD78E6D6C8C8C3BF58C6D1DDB2B.small-business-owner-s-guide-to-the-cares-act-final-.pdf
- iii. <https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>
- iv. https://www.cshco.com/articles/summary-congress-releases-cares-act/?utm_campaign=Tax-%20General&utm_source=hs_email&utm_medium=email&utm_content=85278751&hs_enc=p2ANqtz-8nMcXogM9p6ypc7fDzgLC7EbgPJJzylefmO15Tow8HoH9Xn_gzMmiytQ0o7kOyReT2EgPzdIPk5zOGJVKh2KC1VLtUo-k3BTYm76VkgZ5jaq72j-o&hsmi=85278751

IV. Miscellaneous

- a. SBDC website for additional information: <https://www.sbdcksut.org/covid19-disaster-assistance>
- b. If 2019 tax return has not been filed, the link below may help in the required financial information that is to be submitted.
P and L and balance sheet: https://1ad02907-ecea-433e-a042-5fe65f147672.filesusr.com/ugd/aa7883_51c210cf2b8749908a2c7cecd5845d2d.xls?dn=P%20and%20L%20and%20balance%20sheet.xls
- c. Contact info Disaster Customer Service (1-800-659-2955 or disastercustomerservice@sba.gov).
- d. Other considerations:
 - i. **Workers Compensation Insurance Payments have been “deferred”** for those that need to defer until June. If you choose not to pay your workers comp coverage for March, April and May you will **still have coverage** however, you will then **owe the full amount for all months combined in June** as its **deferred NOT forgiven**.
 - ii. **Health Insurance Payments** have been **“deferred” for 60 Calendar days** from the date the bill is due. (I.E. If your due date is April 1 then your payment could be deferred to May 31st) but, **full payment for the 60 days in “deferral” would be owed** at that point.
 - iii. **Federal Tax Filing for ALL personal taxes due date was moved from April 15th to July 15th** however, the **State and City taxes have yet to adjust their due dates** (I expect this to happen any day, but it hasn't yet). This means your personal taxes at this point **will still need to be filed by April 15th** but if you were to **owe any money to the Federal Government** then the **payment would NOT be due until July 15th**. **Note: If you are planning on filing an extension to October** it will have to be done **by April 15th** either way so please let us know if you need help with this.
 - iv. Lastly, if you make **Quarterly Payments to the IRS** the **first Quarter** estimates are being **“deferred” to July 15th** but as of now **second quarter** estimates will also be **due July 15th**.
- e. Department of Labor FAQ's: <https://www.dol.gov/agencies/whd/pandemic/ffcra-poster-questions>
- f. Online application: <https://disasterloan.sba.gov/ela/> (online portal down)