

LOS ANGELES REGIONAL SMALL BUSINESS DEVELOPMENT CENTER



COVID 19 RELIEF PROGRAMS UPDATE

- Paycheck Protection Program (PPP)
- Emergency Injury Disaster Loan (EIDL)
- Additional Public/Private Relief Programs



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COVID 19 RELIEF PROGRAMS



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Hosted by El Camino College

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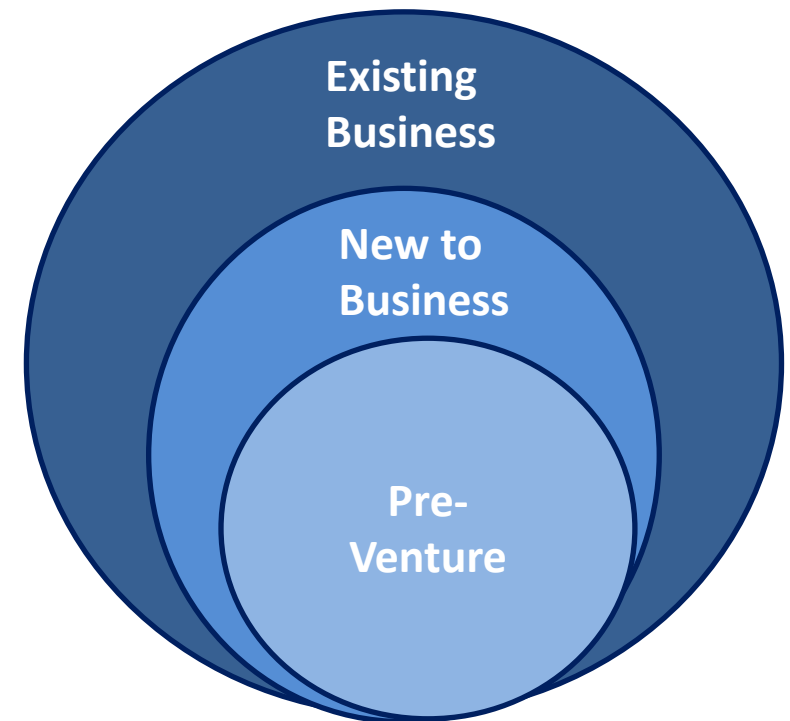


SBDC ASSISTANT SERVICES



Services Offered by SBDC

- Business Planning
- Finance
- Marketing
- Public Relations
- Contracting
- Legal
- Social Media
- Market Research
- Import/Export



Updated Federal Relief Highlights



➤ Pending Congressional approval the programs will receive the following:

- \$300B+ for Paycheck Protection Program (**PPP**)
- \$ 60B for Emergency Injury Disaster Loan (**EIDL**)
- \$ 10B for Emergency EIDL Grants (**up to \$10k advances**)

➤ To address economic disparities \$60B from PPP have been allocated specifically to small/community lenders



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Federal Relief Program Specifics



For EIDL:

- If you have ALREADY APPLIED on or after March 31st and you have an application number beginning with “3” do nothing—you’re already in the queue
- If you have not applied previously—APPLY NOW—www.covid19relief.sba.gov

For PPP:

- If your application has been accepted by a financial institution DO NOT APPLY to multiple institutions at the same
- Sole proprietors, independent contractors & others with **no** W2 employees are eligible to apply for PPP—(*Use Schedule C income as wage amount*)



EIDL VS PPP HIGHLIGHTS

EIDL Goal: Provide access to working capital for biz operations

PPP Goal: Provide aid to retain workforce w/debt forgiveness for payroll

Economic Injury Disaster Loan (EIDL)	Program	Paycheck Protection Program (PPP)
Up to \$2 Million	\$Amount	2.5 x avg. mo payroll (Sch. C income) up to \$10 million
Up to 30 years-1 st payment deferred 12 months	Term	2 yrs—6 months deferred payment
3.75% APR-for profit & 2.75% APR for--nonprofit	% Rate	Fixed 1% APR
Up to \$10k cash advance forgivable	Forgiven	Up to 100% if conditions are met
Fixed debt, payroll, AP, utilities	Use of Funds	Payroll, mortgage interest, rent & utilities
Covid19relief.sba.gov	Available	Banks, community banks etc.

EIDL VS PPP SUMMARY



Emergency Injury Disaster Loan

- EIDL:** Direct SBA loan designed to provide small businesses w/expedited working capital
- Who's Eligible:** Self employed, contractors, solopreneurs for profit & non-profit biz with < 500 employees
- Loan Size:** Up to \$2 million available with specific amount determined by SBA
- Interest Rate/Loan Term:** 3.75% for-profit & 2.75% for non-profit, maximum loan term-30 years
- Cash advance:** Emergency cash advance available up to \$10,000 (\$1000 per W2 employee) may be forgivable
- Use of Proceeds:** Fixed debt, payroll, accounts payable and other costs

-Applicants **CANNOT** receive duplicate funds for both PPP and EIDL to cover the same losses.

-EIDL proceeds **may be refinanced into a PPP loan** if it is more advantageous.

Paycheck Protection Program

- PPP:** Federally guaranteed loan to provide cash flow assistance to small businesses & nonprofits who maintain their payroll during the emergency.
- Who's Eligible:** Self employed, contractors, solopreneurs for profit & non-profit biz with < 500 employees operating as of 2/15/20 are eligible to participate.
- Loan Size:** 2.5x an employer's average monthly payroll (Schedule C Avg monthly income) up to \$10 million to cover salary, wage, commission, cash tips, group health benefits (*insurance premiums, retirement contributions and covered leave*).
- Interest Rate/Loan Term:** 1%, with max. 2 years for unforgiven portion
- Use of Proceeds:** Employee salaries, paid sick leave, group health care benefits, mortgage payments, rents, utilities, and payments on other obligations.
- Debt Forgiveness:** Payroll cost, mortgage interest payments, rent and utility payments during 8-week period following loan disbursement will be forgiven. *Debt forgiveness may be reduced if employer reduces workforce or wages.*
- Collateral/Guarantee:** No collateral or personal guarantee required

THINGS TO KEEP IN MIND

What costs are eligible for payroll?

- Compensation (*salary, wage, commission, or similar compensation, payment of cash tip or equivalent*)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of employees

What costs are not eligible for payroll?

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under Chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S

What are allowable uses of loan proceeds

- Payroll costs
- Employee salaries, commissions, or similar compensations
- Costs to continue group health care benefits during periods of paid sick, medical, or family leave & insurance premiums
- Payments of interest on any mortgage obligation
- Rent/rent under lease agreement, utilities

PPP Borrower Application

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from representative of business or organization that is authorized to certify that documentation provided is true & can be used for PPP forgiveness



Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		DBA or Tradename if Applicable	
Business Legal Name			
Business Address		Business TIN (EIN, SSN)	Business Phone
		() -	
		Primary Contact	Email Address

Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$	Number of Employees:	
Purpose of the loan (select more than one):					
<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain):					

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 →	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 →	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

EMERGENCY INJURY DISASTER LOAN



➤ EIDLs are lower interest loans of up to \$2 million

- Available for profit/non-profit businesses, cooperatives, ESOPs < 500 employees, solopreneurs, contractors & gig workers
- Pay for expenses that could have been met had disaster not occurred, including payroll & other operating expenses
- Businesses in operation since **January 31, 2020**, when public health crisis was announced
- Provide an emergency advance up to \$10,000 to small businesses/private non-profits harmed.

➤ Due to CARES ACT underwriting criteria has been relaxed:

- Approval criteria-- based on ability to repay loan.
- No minimum threshold for credit score.
- EIDLs > \$200,000 can be approved without a personal guarantee.
- Loans <\$25,000 require no collateral

➤ To Access Advance-- apply for EIDL and then request advance. **The advance does not need to be repaid under any circumstance** and may be used to keep employees on payroll, sick leave pay, meet increased production costs

➤ Small Businesses can apply for BOTH an EIDL & PPP Loan if they don't pay for SAME payroll/related expenses



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INELIGIBLE USES OF EIDL PROCEEDS



- Refinancing Long Term Debt
- Payment of any part of direct Federal Debt (*including SBA loans*) except IRS Obligations.
- If a direct federal debt is delinquent, SBA must have written documentation from appropriate Federal Agency explaining how delinquency will be cured.
- Paying down (*other than regular installment payments*) or paying off loans provided, guaranteed, or insured by another Federal agency or a Small Business Investment Company.
- Federal Deposit Insurance Corporation (*FDIC*) and Resolution Trust Corporation (*RTC*) are not considered Federal agencies for this purpose.



How long are Emergency Economic Injury cash advances available? Jan 31st – Dec 31st, 2020. The cash advances are backdated to Jan. 31, 2020 to allow those who have already applied to be eligible receive \$10k cash advance.

If I get an EIDL and/or an Emergency Economic Injury cash advance, can I get a PPP loan? Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Cash Advance between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan.

If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury cash advance Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan.

How do I know if my business is a small business? Please visit <https://www.sba.gov/size-standards/> to find out if your business meets SBA's small business size standards.

How do I apply for an economic injury disaster loan? Online app: covid19relief.sba.gov

I am unfamiliar with the EIDL process, can anyone help me apply? Yes, SBA/SBDC are available to help

Small Business Debt Relief



- This program will provide immediate relief to small businesses with non-disaster SBA loans--7(a), 504 & microloans. These loans will be available for new borrowers. These loans are NOT made under PPP—but, under this program borrowers will still be able to separately apply for PPP. SBA will pay principal, interest & fees up to six months for new borrowers.
- To be eligible--businesses must meet US size standards, be able to repay and have sound biz purpose
- Loan Programs include:
 - 7(a) Loans**—affordable loan product up to \$5 million for borrowers lacking credit elsewhere, but need access to versatile financing, short/long term working capital & to purchase an existing business, refinance current biz debt, purchase furniture, fixtures and supplies.
 - 504 Loans**—provides up to \$5.5 million to approved small businesses with long-term, fixed-rate financing to acquire fixed assets for expansion/modernization
 - Microloans**—provides loans from mission-based lenders up to \$50,000 to help small businesses and certain non-profit childcare centers to start-up & expand

PRIVATE/PUBLIC SECTOR



➤ Public/State Programs:

- State of California*: Just launched \$50 Million micro-loan program for small businesses NOT eligible for PPP. I-Bank will operate program. Access program <https://covid19.ca.gov/>
- CDC*: \$500B for businesses impacted by COVID 19.
- LA County WDACs just launched \$500,000 employer assistance cash advance fund

➤ For Profit Business Programs:

- Facebook* offering \$100 million to 30,000 eligible small business owners worldwide (\$3,333/owner)
- Google* offering \$800+ million commitment to support small/medium-sized businesses (SMBs)
- Verizon* offering \$2.5 million to provide cash advances up to \$10k for disadvantaged business

ADDITIONAL HELP



- **Stimulus Checks for Individuals:** A refundable tax credit is provided by the Act of \$1,200 for individuals (\$2,400 for joint returns). There is an additional \$500 rebate for each child under age 17. This is NOT taxable income. Direct deposit payments will begin week of April 13th
- **Federal Student Loan Interest/Principle** suspended for 6 months (*March 16 -Sept 30, 2020*). Private loans do not count in suspension
- **For those impacted by COVID-19**, funding has been provided for unemployment benefits, even if you exhausted state unemployment benefits or normally do not qualify for state benefits (*self-employed, excluded members of a small business, etc.*) These benefits run from Jan 27th-Dec. 31, 2020.
- **For UI** --there is an additional \$600 per week for up to 4 months, along with state benefits. (*Once state benefits expire, an additional 13 weeks of unemployment benefits are funded by the federal government*).

SBA RESOURCES



➤ SBDC Hosted by El Camino College

southbaysbdc.org (*make sure and sign-up as a client*)

➤ For additional information, visit:

sba.gov/disaster

➤ Call SBA's Customer Service Center at:

[800-659-2955](tel:800-659-2955)

➤ SBA Los Angeles District Office:

sba.gov/ca/la



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