

Coronavirus Relief Options



U.S. Small Business
Administration

- Thank you for joining us for an overview of the SBA coronavirus relief options
- During the presentation, all attendees will have audio and video muted.
- We ask that you place all questions in the chat box.

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

2

Our nation's small businesses are facing an unprecedented economic disruption due to the Coronavirus 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 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 you see on this slide include:

- That you can have multiple SBA loans but only one PPP loan and one EIDL per business.
- That applicants are required to have a Social Security Number or EIN.

Paycheck Protection Program (PPP)



- **Eligibility (in operation 2/15/2020)**
 - Under 500 employees, or over 500 but small by SBA 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**



3

- The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. This is a guaranteed loan administered by your local lender.
- Note that faith-based organizations and agricultural enterprises have been added as eligible entities.
- To be eligible, a business or non-profit must have been in operation by February 15, 2020.

- The loan is designed to cover up to 8 weeks of payroll, interest on mortgages, rent and utilities.
- Payroll costs include things like salary, wages, cash tips, vacation/sick leave, and a variety of other benefits.
- Forgiveness of the loan 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 Economic Injury Disaster Loan (EIDL) was also received, that amount may be added to this loan for payoff of the EIDL if the EIDL was used for the same 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 may include**
 - **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>



4

- The maximum loan amount is \$10M and 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. In other words, you will have 18 months to pay off the loan.
- The bank you are working with will require appropriate documents to support payroll costs. Some examples are included here.
- SBA is not requiring the banks to take 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, just follow the link provided.
- Lenders will be doing electronic submissions, but you can use the documents listed, the 2483 and 2484, to see what information borrowers and lenders will be required to provide
- Deadline for applying 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**



5

- Here is an example of how the loan amount is calculated. The assumption of this example is that there are employees with wages in excess of \$100,000 and that an EIDL was also used for some payroll expenses.
- \$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.”
- After removing excess wages and including benefit costs, the amount will be divided by 12 to determine the average monthly payroll
- This is then multiplied by 2.5 to determine the 8-week amount of loan coverage
- If the EIDL loan was also used for payroll expense, which it was in this example, it gets added to create a final loan amount, for this example \$260,000.
- Small business owners should keep track of all documentation used to support the information in the loan application as well as the

information you will be providing to your lender to support forgiveness of 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
- 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



6

- This is a disaster loan with a forgivable advance on the loan. The EIDL received new appropriated funds but the portal is not yet open for new applications.
- 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 the advance, even if the applicant is denied a disaster loan.
- If someone submitted an EIDL application prior to March 30th, they must reapply using the new streamlined application portal and check the box for the advance as this was not previously available.
- The use of funds for this loan are the day-to-day expenses of operating a business.
- You will have until Dec 31st, 2020 to apply.

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
- Agricultural Enterprises

NON-PROFIT ORGANIZATIONS

- Private non-profit organizations
- Faith-based organizations

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



7

- 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.
- Nonprofits that are granted tax exempt status under sections 501(c), (d), or (e) by the IRS or have satisfactory evidence under State law are eligible. This includes faith-based organizations.
- Examples include nursing homes, food kitchens, museums, educational facilities, senior citizen centers, daycare centers, playhouses, community centers, shelters, rescue organizations, associations, etc.
- Agricultural Enterprises were added as eligible entities with the new legislation.

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.



8

- The next two slides are screen shots showing the first page of the application portal.
- The new streamlined process allows businesses to apply for both the Economic Injury Disaster Loan and Advance with one application.
- On the pages following this one, you will provide business information and business owner information. The last page will ask you to opt in on the Advance and provide bank information for disbursements.
- Additional supporting documentation 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 or mail any additional documents to SBA unless requested. If you are contacted via email, please double check your reference number to avoid scams and fraud.**

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 >



9

- 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 now an eligible entity under EIDL Advance.
- If you have questions about eligibility or any required information, you can contact the customer service staff by email or phone for clarification.
- It is estimated that the online application will take less than 2 hours, including gathering all required information.
- The amount of the loan will be determined by the information you provide throughout this process.

EIDL Advance Email

Dear Applicant,

On March 29, 2020, following the passage of the CARES Act, the SBA provided small business owners and non-profits impacted by COVID-19 with the opportunity to obtain up to a \$10,000 Advance on their Economic Injury Disaster Loan (EIDL). The Advance is available as part of the full EIDL application and will be transferred into the account you provide shortly after your application is submitted. **To ensure that the greatest number of applicants can receive assistance during this challenging time, the amount of your Advance will be determined by the number of your pre-disaster (i.e., as of January 31, 2020) employees. The Advance will provide \$1,000 per employee up to a maximum of \$10,000.**

You may be eligible for another loan program, the **Paycheck Protection Program**, which is available through participating lenders. Below is a comparison of the two loan programs:



- EIDL Advance disbursements are showing up in Minnesota small business owners bank accounts.
- It is our understanding the deposit appears as “SBA Treas”.
- What you see on this slide is a portion of the email that the recipient receives.

EIDL Email



Subject: **SBA Application No. <%APPLICATION NUMBER%> - Submitted Confirmation**

Create your SBA Economic Injury Disaster Loan Portal Account

Your SBA Application No. <application number> is ready for the next step. Create your SBA Economic Injury Disaster Loan Portal account to provide additional details or requested documents.

[Create Account](#)

Questions? We're here to help. Call us at 1-800-659-2955 | TTY/TDD: 1-800-877-8339

Office of Disaster Assistance
U.S. Small Business Administration
disastercustomerservice@sba.gov



- You should receive an email like this when your EIDL application has been turned over to a case manager for review.
- You will be asked to create an account in the disaster portal and it is how the case manager will communicate with you.
- In the case of a decline, you will receive a letter in the mail indicating the reason for the decline and the mechanism for requesting reconsideration.

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>



12

- 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, just follow the link provided
- Use of proceeds for this loan is working capital and does not include revolving lines of credit
- Applicants must meet SBA size standards and this loan follows most requirements under the regular SBA Express loan program.
- 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



13

- The SBA Debt Relief program was established to assist current and new SBA 7a, 504 and microloan 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 Minnesota district office resource guide at the link provided.

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>



14

- If you currently have one of these loans, reach out to the lender who holds the loan for guidance
- For new loans, check with your current lender or one of the participating lenders on the Minnesota district office website
- 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.wvbic.com/veterans/>



15

- Minnesota has great SBA resource partners around the state that can help you navigate these programs.
- They can help small business owners prepare and understand their financial statements as well as provide general business advice.
- There are nine Small Business Development Centers that cover all corners of the state.
- SCORE has chapters scattered around with mentors ready to help.
- The three Women's Business Centers in the Twin Cities, Duluth and Little Falls cover much of the state with programs specifically designed for women.
- And finally, the regional Veterans Business Outreach Center can connect veterans with veteran specific resources.
- 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](#)



16

- It is important to note that the State of Minnesota also has resources available to assist small business owners.
- The Small Business Emergency Loan will use a list of state certified lenders to make loans of up to \$35,000 for those businesses affected by the Governor's original shutdown orders. These include things like restaurants, brewery, hair salons and bowling alleys.
- 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, unemployment information and health insurance resources that business owners should be accessing.

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 coronavirus, the Minnesota Department of Health provides Minnesota-specific information, including in other languages.
- The Center for Disease Control and the World Health Organization also have helpful information.

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."



18

- SBA is aware of a number of scams and fraud schemes around the coronavirus funding options.
- Keep in mind there is no cost to apply for the Economic Injury Disaster Loan or Advance.
- SBA does not solicit contact on any of the programs, 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)



19

- We are working hard to get you accurate information about all SBA's programs.
- The best way to get real-time information is to sign up for our newsletter at sba.gov/updates. Please type in your zip code to get local information and resources. You can also follow us on Twitter.
- To reach out to the SBA Minnesota District Office our email is Minneapolis.mn@sba.gov and our phone number is 612.370.2324.
- For information on your EIDL or 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.
- And finally, make sure to sign up for newsletters at the Minnesota Department of Employment and Economic Development, and with your city and county. At all levels of government, resources are available and having good up-to-date information is important.
- Hope you find this information helpful as you maneuver through our programs.