

The Coronavirus Aid, Relief and Economic Security (CARES) Act:



What it means for your business

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CARES Act Overview: Small Business Financial Assistance

- Economic Injury Disaster Loan (EIDL)
- EIDL Advance
- Payroll Protection Program (PPP)
- Small Business Debt Relief (existing SBA customers)



Which Options are Best for Your Business?

- Capital to cover the cost of retaining employees short-term?
 - The [Paycheck Protection Program](#) might be right for you.
- An infusion of a smaller amount of cash to cover you soon?
 - Consider the [Economic Injury Disaster Loan Advance](#).
- Working capital for your business?
 - The [Economic Injury Disaster Loan](#) might be best.
- To ease your concerns about keeping up with payments on your current or potential SBA loan?
 - The [Small Business Debt Relief Program](#) could help.

Economic Injury Disaster Loan Emergency Advance



- Up to \$10K depending on # of employees (10+ employees = \$10k)
- Submit EIDL application, ask for the advance—check box on EIDL application
- 3-days after SBA review of EIDL application
- Does not need to be repaid under any circumstance

Economic Injury Disaster Loan (EIDL)



Eligibility

- Businesses with up to 500 employees in operation as of Feb 15, 2020 (NAICS code)
- Nonprofit organizations with fewer than 500 employees – 501 c, d, e
- Independent contractors (1099), sole proprietors, Tribal business concerns, ESOPs, Faith-based entities

Loans from SBA directly

- Waives personal guarantees and 1-year in business minimum
- Do not need to have sought capital elsewhere for advances and loans
- No collateral
- Up to 12-month deferral

Loan Amounts

- Working capital loan up to \$15K; Based on up to 2 months working capital
- Term up to 30 years, 3.75% (or 2.75% for non-profits)

Uses for the loan proceeds include:

- Payroll, working capital, operating expenses that can't be paid because of the disaster impact

Paycheck Protection Program

<https://www.sba.gov/paycheckprotection/find>



Businesses & 501c3, c19: applications opened 4/3/2020

Independent contractors and sole proprietors: can apply 4/10/2020

Open until June 30, 2020

Eligibility:

- Up to 500 employees according to NAICS (North American Industry Classification) code
- in operation as of Feb 15, 2020

Loans from SBA-approved banks, credit unions, and some non-bank lenders

Terms:

- No collateral, personal guarantees or need to have sought capital elsewhere
- 1% interest, 2-year term, 6 months no payments

Paycheck Protection Program



Loan Amount

- Average monthly payroll expense over last 12 months x 2.5; up to \$10m

Uses for Loan Proceeds Include

- Qualified payroll costs; rent; utilities; and interest on mortgage

Loan Forgiveness

- For funds used to pay 8 weeks payroll (excluding salary in excess of \$100,000), mortgage interest, rent and utilities (75% should be used for payroll)
- 8 weeks begins on the loan origination date

Loan Amount that is Not Forgiven

- You will owe money if staff and payroll are not maintained

If you have loan origination number, the money has been committed by SBA.
ONLY submit to already approved lenders.

Paycheck Protection Program



Likely additional documents

- Calculation of avg. monthly payroll and supporting payroll documents
- Two Corporate documents (ex. OA, Articles of Incorporation)
- 3 years business and personal tax returns
- Financial statements

Request for forgiveness

- Submit request to the lender; decision within 60 days
- Required to keep good records of payroll and other eligible expenses
- Documents that verify:
 - the number of full-time equivalent employees and pay rates,
 - the payments on eligible mortgage, lease, and utility obligations
- You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments.



Using both EIDL & PPP

- You can apply for both; however the funds cannot be used for the same purpose.
- Borrowers who accept both loan funds should document the uses of funds appropriately.
- You are still eligible for PPP if you received EIDL funds.
- You may use PPP to refinance EIDL if your EIDL funds were used for payroll costs (applies to EIDL loans made between 1/31/20 and 4/3/20).
- Any advance up to \$10,000 from EIDL will be deducted from the loan forgiveness amount of the PPP loan.

For Businesses with Existing SBA Lender Relationship



Small Business Debt Relief Program

- Immediate relief to small businesses with non-disaster SBA loans
- SBA will cover payments for six months
- Also be available to new borrowers who take out loans within six months of the President signing the bill into law
- Funds to be used to support the survival and/or reopening of the business

Application Tips: EIDL



- Use Microsoft Edge or Firefox browser; Chrome and Safari have connectivity issues
- Print out all application forms, [Printable PDF here](#).
- If you are uploading forms, put a blank page between documents.
- Do not upload more than 7MB in one document (separate).
- Save everything often!
- Non-peak hours to upload are 7pm-7am.
- If at first the system is not recognizing your county or state, Make sure you entered your type of business AND clicked on EIDL **only** under the "Are you applying for:" section.. Otherwise, please wait a while and try again. Disaster is moving as fast as it can, but each state and individual county needs to be entered. Like everything else with Covid-19, this level of activity was never anticipated.
- If you are having trouble entering numbers, type them into a Word document, copy and paste.
- Keep in mind, if granted, the Advance (forgivable portion) comes before your EIDL loan documents. If you choose not to accept the terms of the EIDL loan you may keep the Advance if it is granted.

Application Tips: PPP



- Banks are responsible for taking these applications, but call your bank first to see what their process is for handling requests.
- If you are venture-backed with more than 50% control by an equity partner and are concerned about the affiliation rule, contact a lawyer.
- Questions about either program may be directed to CVSBDC at 434.295.8198 or email sbdc@cvsbdc.org

Be Patient: Banks / SBA

- 1) Have moved from \$25B in SBA loans last year to over \$70B by April.
- 2) Banks cannot loan more than they have in assets (upside down rule).
- 3) On-boarding of banks and approved lenders has more than doubled.
- 4) Quickly rolled-out rules are requiring adjustments.



Anything Else?

Main Street Lending Program

- Minimum loan size is \$1M (may be less) terms not released.
- Businesses with fewer than 10k employees. Helps banks make loans.
- Can combine with PPP to help bridge in future.
- 4 year loan, interest rate range.
- Commitment to preserve employment, but more traditional loan.

While I'm waiting: Now What?

- Consider Diversifying Your Revenue
 - What do you sell?
 - Who do you sell it to?
 - How do you deliver?
- Consider how to train remotely for potential new hires

Help with Programs



Questions?	EIDL	PPP
Learning about each program	SBA District Office: Richmond.VA@sba.gov or 804-771-2400 Central VA SBDC: CVsbdc.org or sbdc@cvsbdc.org	
Assembling Your Financial Documentation	Your local SBA Resource Partners: www.CVsbdc.org , www.centralvirginiaSCORE.org	
Help Filling Out Your Application	Resource Partner	Resource Partner and Your Lender
Checking-In On Your Application	Disaster Customer Service at (800) 659-2955 or disastercustomerservice@sba.gov	Your Lender

More Resources & Information



For detailed information on SBA relief programs about coronavirus, please visit:
www.sba.gov/coronavirus

Central VA SBDC: www.cvsbdc.org

Virginia SBDC: www.virginiasbdc.org