



CORONAVIRUS EMERGENCY LOANS FOR SMALL BUSINESS

The Coronavirus Aid, Relief and Economic Security (CARES) Act provides more than \$360 billion in immediate loan assistance for small businesses (including sole proprietorships, independent contractors, self-employed individuals and qualifying nonprofit organizations) impacted by the pandemic and economic downturn.

SMALL BUSINESS ASSOCIATION (SBA) LOAN PROGRAMS:

Contact SBA Coronavirus Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339),

DisasterCustomerService@sba.gov.

- » **Paycheck Protection Program (PPP):** Provides small business owners with forgivable, low-interest, no collateral loans for payroll costs, interest on mortgage obligations (not principal), rent (including utilities) and interest on debt that existed prior to February 15, 2020.
- » **Economic Injury Disaster Loans (EIDL):** Provides small businesses with working capital of up to \$2 million in the form of a long-term, low-interest loan. Proceeds can be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact. EIDL loans are not forgivable loans except that applicants may receive a \$10,000 emergency advance that does not have to be repaid.

PAYCHECK PROTECTION PROGRAM (PPP) LOANS

» Eligibility

- Small businesses (including sole proprietorships, independent contractors, self-employed individuals and qualifying nonprofit organizations) with 500 or fewer employees
 - Employee limit will not apply in limited circumstances; consult [SBA guidelines >>](#) [\(bit.ly/brc-sba-ppp\)](http://bit.ly/brc-sba-ppp)
- Affiliation rules regarding related entities applies for determining eligibility
 - Waived in certain circumstances; consult SBA guidelines (see above)

» Loan Amounts and Terms

- 2.5 times the average monthly payroll costs for the one year prior to the loan date
 - Payroll costs include: (1) salaries, wages, commissions, or similar compensation; (2) pay of cash tip or equivalent; (3) payment for vacation, parental, family, medical and sick leave; (4) allowances for dismissal or separation; (5) group health care benefits and premiums; (6) retirement benefits; and, (7) state and local tax assessed on employee compensation
 - Payroll capped at \$100,000 per employee on an annualized basis and does not include: (1) employees residing outside of US; or (2) qualified sick leave or family leave wages for which credit is allowed under Families First Coronavirus Response Act
- Cap on loan amount of \$10 million
- Interest rate of 1%
- Two-year term with payments deferred for six months

» Use of Loan Amounts

- Payroll costs, including benefits
- Interest on mortgage obligations incurred before February 15, 2020
- Rent under lease agreements in force before February 15, 2020
- Utilities for services in place before February 15, 2020

» Loan Forgiveness

- You will owe money if you use the loan amount for anything other the items outlined above
- Not more than 25% of the forgiven amount may be used for non-payroll costs
- Must maintain staff and payroll without decreasing salaries and costs by more than 25% for employees making less than \$100,000

» Required Certification

- Current economic uncertainty makes the loan necessary
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease and utility payments
- You have not and will not receive another loan under this program
- You will provide documentation that verifies the number of full-time employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments and covered utilities for eight weeks after getting this loan
- That all information in application and all supporting documents and forms are true and accurate

» How to Apply

- [Find a lender >> \(bit.ly/brc-sba-find-lender\)](https://bit.ly/brc-sba-find-lender)
 - Many lenders are prioritizing their existing customers so best to check with your existing lender first
 - The following lenders have online applications
 - [SmartLenders >> \(sforce.co/brc-smartlenders\)](https://sforce.co/brc-smartlenders)
 - [Fountainhead >> \(bit.ly/brc-fountainhead\)](https://bit.ly/brc-fountainhead)
 - [US Bank >> \(bit.ly/brc-usbank\)](https://bit.ly/brc-usbank)
 - [SBA Loan Program – Ponte Investments >> \(bit.ly/brc-sba-ponte\)](https://bit.ly/brc-sba-ponte)
- [Complete an application form >> \(bit.ly/brc-ppp-application\)](https://bit.ly/brc-ppp-application)
- Compile supporting documentation for your lender. Most lenders will likely require the following, which your payroll provider may be of assistance in collecting:
 - 2019 IRS Quarterly 940, 941 or 944 payroll tax reports
 - Payroll reports for a twelve-month period (ending on your most recent payroll date), which show the following information:
 - Gross wages for each employee, including officer(s) if paid W-2 wages
 - Paid time off for each employee
 - Vacation pay for each employee
 - Family medical leave pay for each employee
 - State and local taxes assessed on an employee's compensation
 - 1099s for independent contractors for 2019
 - Documentation showing total of all health insurance premiums paid by the company owner(s) under a group health plan
 - Include all employees and the company owners
 - Document the sum of all retirement plan funding that was paid by the company owner(s) (not to include funding that came from employees out of their paycheck deferrals.)
 - Include all employees and the company owners
 - Include 401K plans, Sime IRA, SEP IRA's

EIDL LOANS

» Eligibility

- Your state must have a declared "disaster" by the appropriate governmental entity
 - As of January 31, 2020, all states have a "disaster" declaration related to COVID-19
- You must qualify as a "small business," which means you must:
 - Meet the applicable North American Industry Classification System (NAICS) code-based size standard or other applicable SBA 7(a) loan size standard, both alone and with affiliates; you can find the NAICS code applicable to your business [here >> \(bit.ly/brc-sba-table-size-standards\)](https://bit.ly/brc-sba-table-size-standards)
 - Have an employee headcount that is lower than the greater of (i) 500 employees or (ii) the employee size standard under the applicable NAICS code
 - [Tool for navigating the business size classification system >> \(bit.ly/brc-sba-size-tool\)](https://bit.ly/brc-sba-size-tool)

» Loan Amounts and Terms

- **Advance of \$10,000 upon application – no repayment obligation**
- Loans up to \$2 million
- Terms of up to 30 years
- 3.95% interest (2.75% for nonprofits)
- No collateral required
- EIDLs of greater than \$200,000 will require the guarantee of an owner having a 20% or greater ownership interest
- Payments of principal and interest for at least 6 months and up to 1 year
- **Some loan amounts may be eligible to convert into a PPP loan that is forgivable**

» Use of Loan Amounts

- Can be used for working capital, including fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster
- Cannot be used to refinance long-term debt, expand facilities, pay dividends or relocate
- Cannot be duplicative of award under PPP Program

» How to Apply

- [Applications are taken online >> \(bit.ly/brc-sba-injury-loan-application\)](https://bit.ly/brc-sba-injury-loan-application)
- You will need the following:
 - EIN/SSN depending on whether you are a corporation or sole proprietorship
 - Gross revenue for past 12 months
 - Cost of operations
 - Compensation from insurance or other sources related to the disaster