



## COVID-19 Relief for Small Businesses

In addition to traditional U.S. Small Business Administration (SBA) funding programs, the Coronavirus Aid, Relief, and Economic Security (CARES) Act established several new temporary programs to address the COVID-19 outbreak. Your business may be eligible to apply for one or more of these assistance programs for financial relief.

### Funding Options

#### Paycheck Protection Program:



This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA 7(a) loan program. ([More info on pages 2-3](#))

#### EIDL Loan & Emergency Advance:



This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties. ([More info on page 4](#))

#### SBA Express Bridge Loans:



Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. ([More info on page 5](#))

#### SBA Debt Relief:



The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic. ([More info on page 6](#))

## **Paycheck Protection Program (PPP)**

*An SBA loan that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis.*

### ***What is it?***

The Paycheck Protection Program (PPP) is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. This loan has a maturity of 2 years and an interest rate of 1%.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and at least 75% of the money is used for payroll. The rest of the money may be used for rent, mortgage interest, or utilities.

You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.

Lenders may begin processing loan applications as soon as April 3, 2020. The Paycheck Protection Program will be available through June 30, 2020.

### ***Who is eligible to apply?***

- Any small business concern that meets SBA's size standards (either the industry based sized standard or the alternative size standard)
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with the greater of:
  - 500 employees, or
  - That meets the SBA industry size standard if more than 500
- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Sole proprietors, independent contractors, and self-employed persons

## ***PPP Loan Details and Forgiveness***

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

This loan has a maturity of 2 years and an interest rate of 1%.

### ***What else do I need to know?***

- Learn how to calculate your payroll costs here: <https://tinyurl.com/pppcalc>
- Have payroll documents (within the last year) ready prior to application. This includes payroll processor records and payroll tax filings.
- This loan may not be used to cover payroll expenses for an employee outside of the United States. Must have U.S citizenship or a green card.
- Owner equity draws count as payroll expenses for an LLC if it is less than \$100,000 per year.

### ***How do I submit a loan request?***

1. Create an account on SBA Connect at <https://connect.sba.gov/>
2. Request authorization to the Paycheck Protection Lender Gateway by providing your FRS, FDIC, or NCUA number as well as your authorization number.
3. Proceed to the Paycheck Protection Program Lender Gateway to begin submitting loan authorization requests.

## **Economic Injury Disaster Loan (EIDL) and Emergency Advance**

*In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan with an advance of up to \$10,000.*

### ***What is it?***

The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Loan terms are calculated based on the business's ability to repay the loan. Terms offered may allow businesses up to 30 years to repay the loan. The interest rate is 3.75% for businesses and 2.75% for nonprofits

The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. This loan advance will not have to be repaid. Funds will be made available following a successful application.

### ***Who is eligible to apply?***

This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19.

Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries. Visit this webpage for more information:

<https://www.sba.gov/document/support-table-size-standards>

The Economic Injury Disaster Loan advance funds will be made available within days of a successful application, and this loan advance will not have to be repaid.

### ***Where do I apply?***

To apply for a COVID-19 Economic Injury Disaster Loan and loan advance, visit this webpage: <https://covid19relief.sba.gov/#/>

## **SBA Express Bridge Loans**

*Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.*

### ***What is it?***

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for a decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

- Will be repaid in full or in part by proceeds from the EIDL loan
- Loan proceeds must be used exclusively to support the survival and/or reopening of the small business.
- Visit the following webpage for the complete program guide and terms:  
<https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide>

### ***Who is eligible?***

- For the COVID-19 Emergency Declaration, small businesses located in any state, territory and the District of Columbia that have been adversely impacted by the COVID19 emergency.
- The small business must have been operational when the declared disaster commenced and must meet all other 7(a) loan eligibility requirements

### ***What forms are required?***

- SBA Form 1920
- SBA Form 1919
- SBA Form 159
- SBA Form 601
- IRS Form 4506-T
- IRS Transcript or Equivalent
- SBA Form 912

## SBA Debt Relief

*The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.*

### **What is it?**

As part of SBA's debt relief efforts,

- The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months.
- The SBA will also automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.

### **Additional Debt Relief**

For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through December 31, 2020.

What does an “automatic deferral” mean to borrowers?

- Interest will continue to accrue on the loan.
- 1201 monthly payment notices will continue to be mailed out which will reflect the loan is deferred and no payment is due.
- The deferment will NOT cancel any established Pre Authorized Debit (PAD) or recurring payments on your loan. *Borrowers that have established a PAD through Pay.Gov or an OnLine Bill Pay Service are responsible for canceling these recurring payments. Borrowers that had SBA establish a PAD through Pay.gov will have to contact their SBA servicing office to cancel the PAD.*
- Borrowers preferring to continue making regular payments during the deferment period may continue remitting payments during the deferment period. SBA will apply those payments normally as if there was no deferment.
- After this automatic deferment period, borrowers will be required to resume making regular principal and interest payments. Borrowers that cancelled recurring payments will need to reestablish the recurring payment.

If you have questions about your current loan and whether or not your loan is automatically deferred, please contact your Loan Servicing Office directly.

## Additional Resources

Cal Coastal Small Business Development Center (Monterey and San Benito counties)

<https://calcoastalsbdc.com/>

California Capital Access Program

<https://www.treasurer.ca.gov/cpcfca/calcap/sb/brochure.pdf>

Coronavirus Aid, Relief, and Economic Security (CARES) Act Guide

<https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>

COVID-19 Summary for the United States

<https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/summary.html>

Facebook Small Business Grant Program

<https://www.facebook.com/business/boost/grants>

Local SBA Directory

<https://www.sba.gov/local-assistance>

Resources for Startups and Small Businesses

<https://www.startupmontereybay.com/covid-19-resources-for-startups/>

Santa Cruz Small Business Development Center - (Santa Cruz County)

<https://www.santacruzsbdc.org/>

SBA en Español

<https://www.sba.gov/espanol/>

Small Business Borrowers' Bill of Rights

<http://www.borrowersbillofrights.org/>

---

This document has been prepared by the CSUMB Institute for Innovation and Economic Development from publicly available sources to support regional businesses through the COVID-19 emergency. For more information, contact [info@startupmontereybay.com](mailto:info@startupmontereybay.com). Visit us at [www.startupmontereybay.com](http://www.startupmontereybay.com).