

Welcome to our SBA Disaster Relief Webinar!



U.S. Small Business
Administration

Information contained is as of April 6, 2020

Economic Injury Disaster Loan - Overview

- The federal government through the SBA is providing small businesses with the opportunity to apply for an Economic Injury Disaster Loan (EIDL).
- These are working capital loans that may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred. The loans are not intended to replace lost sales or profits or for expansion.
- Eligible entities have until December 18, 2020 to apply and may qualify for loans up to \$2 million.

Economic Injury Disaster Loan - Overview

- The interest rates for these loans are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.
- Business owners will also receive an advance of up to \$10,000 and will not have to be repaid.
- The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue.
- Funds will be made available within three days of a successful application.

EIDL - Criteria

- Credit History-Applicants must have a credit history acceptable to SBA.
- Repayment –SBA must determine that the applicant business has the ability to repay the SBA loan.
- Eligibility- Business must be located in a disaster area and have suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons.

Collateral Requirements

- EIDL Loans under \$25,000 do not require collateral.
- EIDL Loans over \$25,000 do require collateral.
- Collateral can be in the form of business interest, real estate, etc..
- SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available.

Additional Information

- SBA's Economic Injury Disaster Loan (EIDLs) funds come directly from the U.S. Treasury.
- Applicants do not go through a bank to apply. Instead apply directly by going to www.SBA.gov/disaster
- There is no cost to apply and there is no obligation to take the loan if offered.
- If more funds are needed applications can request for an increase of funds. If less funds are needed applicants can request for a decrease of funds

Additional Information

- Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated.
- Applicants can apply for EIDL and for the Paycheck Protection Plan (PPP).
- If the loan request is denied, the applicant will be given up to six months in which to provide new information and submit a written request for reconsideration.

Eligible Entities

- Small Business Owners (500 employees or less or based on Size Chart)
- 1099 Employees
- Sole Proprietors
- Most Private Non Profits
- Faith Based Organizations
- Agriculture Co-operatives

Ineligible Entities

- Agricultural Enterprises -If the primary activity of the business (including its affiliates) is as defined in Section 18(b)(1) of the Small Business Act, neither the business nor its affiliates are eligible for EIDL assistance.
- Gambling Concerns (Ex: Concerns that derive more than 1/3 of their annual gross revenue from legal gambling activities)
- Casinos & Racetracks (Ex: Businesses whose purpose for being is gambling (e.g., casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of 1/3 criteria above.
- Real estate developers – establishments primarily engage in subdividing real property into lots and developing it for resale on their own account.

Private Non-Profit Organizations

An eligible private non-profit organization is a non-governmental agency or entity that currently has:

1. An effective ruling letter from the U.S. Internal Revenue Service, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or
2. 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.

How To Apply

- Applicants may apply online by going to www.sba.gov/disaster.
- SBA's Disaster Customer Service Center:
 - 1-800-659-2955
 - 1-800-877-8339 (TTY)
 - disastercustomerservice@sba.gov.

Obtaining Assistance - SBA Partners

Free assistance with reconstructing financial records, preparing financial statements and submitting the loan application is available from any of SBA's partners:

- Small Business Development Centers (SBDCs)
- SCORE Chapters
- Women's Business Centers (WBC), and
- Veteran's Business Outreach Centers and local Chambers of Commerce.

For the nearest office, visit: <https://www.sba.gov/local-assistance>



Paycheck Protection Program (PPP)

Paycheck Protection Program - Overview

- The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.
- SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
- The Paycheck Protection Program will be available through June 30, 2020.

Program Highlights

- All small businesses are eligible
- The loan has a maturity rate of 2 years and an interest rate of 1%
- No need to make loan payments for the first six months
- No collateral or personal guarantees required
- No fees
- The loan covers expenses dating back to February 15, to June 30 2020
- The loan can be 100% forgiven if funds are used appropriately.

Who Can Apply

- Small businesses 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 coronavirus/COVID-19.
- Small businesses in the hospitality and food industry with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means each store location could be eligible.
- Small businesses in operation as of Feb. 15, 2020

How To Apply

- You can apply through any existing SBA 7(a) lender.
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.
- 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.
- Sole proprietors and 1099s can apply starting April 10th.

What to Submit

- Small businesses would need to submit their payroll documentation.
- Sole proprietorships will need to submit schedules from their tax return filed (or to be filed) showing income and expenses from the sole proprietorship.
- Independent contractors will need to submit Form 1099-MISC.
- Self-employed individuals will need to submit payroll tax filings reported to the Internal Revenue Service.

How Much to Apply For

- The maximum amount you can receive from your SBA-approved lender is your monthly average payroll cost in 2019, multiplied by 2.5, up to a maximum of \$10 million.
- If you are a seasonal employer, the monthly average cost will be calculated differently. The lender will use a 12-week period beginning either February 15, 2019 or March 1, 2019, and ending June 30, 2019.
- If your business did not exist before June 30, 2019, the lender will look at your costs in January and February 2020.

Determining Payroll Costs

- Payroll Costs are: Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee); Employee benefits i.e. sick leave; state and local taxes assessed on compensation
- Payroll costs for a sole proprietor or independent contractor(1099s) are wages, commissions, income, or net earnings from self-employment.

Determining Payroll Costs

- Sole proprietors or 1099s can submit payroll processing records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship.
- If these are not available then bank records, sufficient to demonstrate the qualifying payroll amount will suffice.

In other words, most payroll costs are covered. However, the following scenarios are not covered:

- Payments made to independent contractors
- S corps and C corps owners who aren't on payroll (shareholders distributions don't count as payroll under this program)

Loan Details and Forgiveness

- 75% of the PPP loan is supposed to be used to fund payroll and employee benefits costs.
- The remaining 25% can be spent on:
 - Mortgage interest payments,
 - Rent and lease payments and
 - Utilities

If you stick to these guidelines, you'll be able to have 100% of the loan forgiven!

Loan Details and Forgiveness

- 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%.



Debt Relief Program

SBA Debt Relief

The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by this health crisis. Under this program:

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

Important Contact Information

For additional information on any of these programs:

www.sba.gov

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

SBA Disaster Customer Service phone number:

1-800-659-2955 , (TTY: 1-800-877-8339) or e-mail

disastercustomerservice@sba.gov

For SBA Webinars, Virtual Office Hours or to Join our Email

Distribution Link: www.SBA.gov/SouthFlorida

SBA South Florida Email: SouthFlorida_DO@sba.gov

Questions and Answers Session

- Be brief and to the point with your questions.
- Unmute your microphone or phone to speak.
- Speak one at a time and be respectful of one another.
- Mute your microphone or phone when you are done speaking.

Stay Connected with the SBA!

- Visit www.sba.gov/southflorida to join our upcoming webinars or virtual office hours and subscribe to our email distribution!
- Follow Us On Twitter [@SBA_SouthFL](https://twitter.com/SBA_SouthFL)
- Subscribe to our YouTube Channel <https://www.youtube.com/user/sba>
- Email us! SouthFlorida_DO@sba.gov



THANK YOU!

BE WELL AND STAY SAFE!



Brought to You by Your South Florida SBA Team

