

## **Information on Relief Programs Available to Small Businesses**

### **Economic Injury Disaster Loan (EIDL)**

This is direct disaster relief loan program financed by the US Small Business Administration (SBA) and provides low interest rate and long-term economic injury disaster loans to small businesses impacted by COVID-19. Below are criteria for qualifications.

- To all small businesses and non-profit organizations
- Loan can be used for working capital to pay for fixed debts, daily business expenses such as payroll and utilities.
- Qualified loan up to \$2 Million
- Low interest of 3.75% for small businesses and 2.75% for non-profit
- Terms up to a maximum of 30 years
- Apply directly at [COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION](#). Also, the application may be sent by:
  - Email to: [Ela.doc@sba.gov](mailto:Ela.doc@sba.gov)
  - Fax to: (202)481-1505
  - Mail: US Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Ft Worth, TX 76155

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

As part of the CARES Act, both SBA and Treasury are currently preparing guidelines to implement the stimulus bill which provides an authorization level of \$349 billion for the SBA 7(a) program through December 31, 2020. Details of the guidelines are forthcoming and will provide additional information upon receipt. Here is what we know so far about these programs.

- Loans will be guaranteed 100% by the US Government.
- Maximum of \$10 Million *or* Up to 2.5x the borrower's average monthly payroll costs, not to exceed \$10 Million.
- Covered loan period will be your anticipated operating expenses beginning on February 15, 2020 and ending on June 30, 2020.
- Term of up to a maximum of 10 years from the date of application for forgiveness.

- Maximum interest rate will be 4.0%.
- Zero borrower fees for participating in the program.
- No personal guarantees necessary or collateral requirements.
- Loan amount that is not forgiven by June 30, 2020 will be amortize over 10 years.
- Loan payments will be deferred between 6 months to 1 year.
- No prepayment penalties.

### **Program Eligibility**

- If your business or Non-Profit has **fewer than 500 employees** (full time, part time or any other basis), you are eligible for this program.
- Lenders will have to determine if the business was in operations on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid an independent contractor.
- Borrowers must make a good faith certification that the loan is necessary due to the economic conditions caused by COVID-19.
- Specific allowable uses of the loan include: Payroll, Mortgage, Rent, Interest on any debts incurred before covered period, and Utilities.
- Any individual employee whose salary exceeds \$100,000 during the covered period is excluded for the portion of salary above \$100,000.
- Compensation for any employee outside of the United States is excluded.
- No collateral is required.
- There will be a portion of the loan that can be forgiven. That amount is likely to be determined by the number of employees that are retained through the downturn.
- We expect the SBA to cover 6 months of payments for all current 7(a) borrowers in regular servicing. The details about how they will pay is forthcoming.

**For additional information, you may contact:**

**Ty Park, SBA Manager**

**(714) 823-4263**