

SBA Economic Injury Disaster Loan

Program Description

The Small Business Administration's (SBA) disaster loans are the primary form of Federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. The disaster loan program is the only form of SBA assistance not limited to small businesses.

The Economic Injury Disaster Loan Program (EIDL) can provide up to \$2 million of financial assistance (actual loan amounts are based on amount of economic injury) to small businesses or private, non-profit organizations that suffer substantial economic injury as a result of the declared disaster, regardless of whether the applicant sustained physical damage.

An EIDL can help you meet necessary financial obligations that your business or private, non-profit organization could have met had the disaster not occurred. It provides relief from economic injury caused directly by the disaster and permits you to maintain a reasonable working capital position during the period affected by the disaster. EIDLs do not replace lost sales or revenue.

Program Requirements

To be eligible for EIDL assistance, small businesses or private non-profit organizations must have sustained economic injury and be located in a disaster declared county or contiguous county.

Loan Terms

The SBA can provide up to \$2 million in disaster assistance to a business. The \$2 million loan cap includes both physical disaster loans and EIDLs. There are no upfront fees or early payment penalties charged by Small Business Administration (SBA). The repayment term will be determined by your ability to repay the loan.

Application Process

Apply online for disaster loan assistance at your own convenience through SBA's secure [Disaster Loan Assistance website](#).

For application information, please call 1-800-659-2955 or email

DisasterCustomerService@sba.gov.

Contact Information

For more information about this program, please visit the [Economic Injury Disaster Loan](#) page.

Paycheck Protection Program

Program Description

The Paycheck Protection Program is part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This is a nearly \$350-billion program intended to provide American small businesses with eight weeks of cash-flow assistance through 100 percent federally guaranteed loans. You can read the bill in its entirety [here](#).

- All small businesses are eligible
- The loan has a maturity rate of 2 years and an interest rate of 0.5%
- 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, 2020 through June 30 2020
- The loan can be forgiven and essentially turn into a non-taxable grant

Program Requirements

This program is more extensive than the SBA disaster loan. Small businesses, sole proprietorships, independent contractors, and self-employed individuals can all qualify.

- 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.

Loan Terms

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). 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.

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.

This loan has a maturity of 2 years and an interest rate of .5%.

Application Process

The SBA itself doesn't lend you the money, they just "back" the loan that the lender provides. You can apply for the Paycheck Protection Program through any SBA-approved lender—you can check out the SBA's [Lender Match tool](#) to find a lender.

Sole proprietorships can apply starting **April 3**. Independent contractors and self-employed individuals can apply starting **April 10**. You are encouraged to apply early as there is a funding cap for this program. You have until June 30 to submit an application.

As part of your application, you'll be asked to verify:

- That the uncertainty of current economic conditions makes it necessary for your business to continue operating and funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments;
- That the business does not have a SBA loan pending for the same purpose and uses of the Paycheck Protection Program loan
- That during the period beginning on February 15, 2020 and ending on December 31, 2020, the business has not received amounts under the Paycheck Protection Program for the same purpose or duplicative amounts applied for or received under a covered loan.

Here is a sample of the [Paycheck Protection application form](#), indicating the type of information you'll need to provide.

Contact Information

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 Friday, April 3, 2020.

For more information about the Paycheck Protection Program, please visit the U.S. Small Business Administration website [here](#).

SBA Debt Relief

Program Description

For small businesses with current non-disaster SBA loans, under the CARES Act, the SBA will cover all loan payments on these loans, including principal, interest and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of March 27, 2020. PPP Loans and EIDLs are not eligible for this debt-relief program.

Program Requirements

The loans eligible for this relief include those guaranteed by the [SBA](#), such as the SBA Business Loan Program (including the Community Advantage Pilot Program, but excluding PPP Loans) or Title V of the Small Business Investment Act. Loans made by an intermediary to a small business using loans or grants received under the SBA's Microloan Program are also eligible.

Loan Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

Application Process Contact Information

Orange County / Inland Empire District Office SBA District Office

5 Hutton Centre Drive suite 900 Santa Ana , CA 92707

Phone 714-550-7420

Email:SAO-DSUP@sba.gov

Visit website <https://www.sba.gov/offices/district/ca/santa-ana>

SBA Express Bridge Loans (EBL)

Program Description

Businesses and nonprofit organizations with fewer than 500 employees, sole proprietorships and independent contractors that have suffered economic injury due to COVID-19 may also be eligible for a loan under the existing SBA “Express” Loans program. The SBA Express Loans program helps small businesses obtain loans in a faster and easier way. These loans provide businesses with revolving lines of credit for working capital purposes.

The CARES Act expands the allowable uses for loans under this program to permit payroll support, including paid sick leave, supply chain disruptions, employee salaries, mortgage payments and other debt obligations, to provide immediate access to funds for affected small businesses. The CARES Act increases the maximum loan amount for SBA Express loans from \$350,000 to \$1,000,000, until December 31, 2020. The CARES Act also reduces the cost of participation in the program by providing fee waivers, an automatic deferment of payments for up to one year, and no prepayment penalties.

Program Requirements

The EBL Pilot Program applies the SBA Loan Program Requirements (as defined in 13 CFR § 120.10) in place for the SBA Express program, except as outlined in this Guide. As such, SBA Effective March 2020 Express Lenders that make EBL loans must follow their established and proven internal policies and procedures used for their similarly-sized, non-SBA guaranteed commercial loans. In addition to the specific eligibility requirements for EBL loans, SBA Express Lenders are expected to be fully familiar with SBA’s eligibility requirements for SBA Express loans as set forth in SBA Loan Program Requirements and must screen all EBL applicants and loans to ensure they meet those requirements.

Loan Terms

The maximum allowable interest is 6.5% over the prime rate (currently 4.25%). Interest rates can be fixed or variable.

The fees include:

- Upfront guaranty fees: Not more than 2% of the guaranteed portion of a loan if the total amount of the loan (maximum of \$500)
- Annual service fee: An annual service fee will be charged of no more than 0.55% of the outstanding balance of the guaranteed portion of each loan.
- Application fee: the greater of 2% of loan amount or \$250
- Late payment fee: not to exceed 5% of scheduled payment

- Eligibility period: Available until March 13, 2021
- Multiple loans: While one can only obtain one EBL loan per Declaration, it is intended to be a shorter term liability until longer term funding is available and does not infringe on the ability to receive additional SBA funding.
- Maximum loan amount: \$25,000
- Maximum guaranty percentage: 2% of the loan amount
- Maximum loan term: Seven years. Or, payment of the loan in full may be required if approved for long-term disaster financing with loan proceeds being available for use towards the EBL loan.
- Secondary market sales prohibited: EBL's cannot be sold on the SBA secondary market.

No collateral is required.

Application Process

To qualify for the bridge loan, your business will be evaluated by your credit scores, tax transcript, and existing banking relationship.

- SBSS score: Your Small Business Scoring Service Score will be calculated during the loan application. A combination of consumer credit bureau data, business bureau data, borrower financials, and application data will be used to generate a score. The minimum score is 130 but that may change over time.
- Personal credit score: Required for each guarantor in the business.
- IRS tax transcript or equivalent: The lender must submit a signed IRS Form 4506-T to the IRS and obtain an IRS tax transcript. A tax transcript summarizes your tax return info and includes your adjusted gross income.
- Existing banking relationship: Acceptable documentation may include a copy of a current bank statement or other official bank documents that reference the EBL applicant's business address.

Contact Information

Orange County / Inland Empire District Office SBA District Office

5 Hutton Centre Drive suite 900 Santa Ana , CA 92707

Phone 714-550-7420

Email:SAO-DSUP@sba.gov

Visit website <https://www.sba.gov/offices/district/ca/santa-ana>

Delay of payment of employer payroll taxes

Program Description

Pursuant to this provision, an employer may delay payment of the employer's 6.2% of the Social Security (Old-Age, Survivors, and Disability Insurance) tax ("Employer-Side SS Tax").

For the period beginning March 27, 2020 and ending before January 1, 2021 ("Deferral Period"), payment of applicable Employer-Side SS Tax owed during the Deferral Period is due by:

- December 31, 2021 with respect to 50% of such amount, and
- December 31, 2022 with respect to the remaining 50% of such amount.

As long as Employer-Side SS Tax deposits are made in accordance with the above schedule, no penalty will be imposed.