SBA To Provide Economic Support For Coronavirus Related Economic Disruptions

U.S. Small Business Administration

Patrick Rodriguez
Senior Area Manager
North Carolina District Office
SBA Support Available Due to the Coronavirus (COVID-19)

• Economic Injury Disaster Loans (EIDLs)

• Emergency Economic Injury Grants

• Express Bridge Loan

• Paycheck Protection Program (PPP)

• Small Business Debt Relief

SBA’s Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

The U.S. Small Business Administration (SBA) is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).

Upon a request received from a state’s or territory’s Governor, SBA will issue under its own authority, as provide by the Coronavirus Preparedness and Response Supplement Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
What businesses are eligible to apply?

SBA’s EIDLs (or working capital loans) are available to small businesses, small agricultural cooperatives, small aquaculture businesses and most private non-profit organizations.

This includes:

• Businesses directly affected by the disaster
• Businesses that offer services directly related to the businesses in the declaration
• Other businesses indirectly related to the industry that are likely to be harmed by losses in their community

(Example: Manufacturer of widgets may be eligible as well as the wholesaler and retailer of the product.)
What are the criteria for a loan approval?

**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.

**Collateral** - Not required for loans under $25,000. Loans over $25,000 SBA will seek collateral that is available.
SBA’s Economic Injury Disaster Loan Terms

How much can I borrow?

• Eligible entities may qualify for loans up to $2 million

• Terms up to 30 years and interest rates at:
  • 3.75% for small businesses
  • 2.75% percent for nonprofit organizations

• Eligibility for these working capital loans are based on the size (must be a small business), type of business, and its financial resources.

How can I use the loan funds?

• Fixed debts
• Payroll
• Accounts payable
• Other bills that could have been paid had the disaster not occurred
• (Not intended to replace lost sales or profits or for expansion)
Emergency Economic Injury Grants

- Emergency Economic Injury Grants up to $10,000
- Requested during EIDL application process
- If approved, funds are distributed and are not repaid regardless of EIDL application decision
SBA’s Economic Injury Disaster Loan Basics

What kinds of small businesses can apply?

Examples of eligible industries include but are not limited to the following: hotels, recreational facilities, charter boats, manufacturers, sports vendors, owners of rental property, restaurants, retailers, souvenir shops, travel agencies, and wholesalers.

What other criteria is involved?

The applicant business must have a physical presence in the declared disaster area. An applicant’s economic presence alone in a declared area does not meet this requirement. The physical presence must be tangible and significant. Merely having a P.O. Box in the disaster area would not qualify as a physical presence.
Working Capital Loans
Different from Other SBA Loans

• 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 to SBA’s Disaster Assistance Program at: DisasterLoan.sba.gov

• There is no cost to apply

• There is no obligation to take the loan if offered

• The maximum unsecured loan amount is $25,000

• Applicants can have an existing SBA Disaster Loan and still qualify for an EIDL for this disaster, but the loans cannot be consolidated
Basic Filing Requirements

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA’s Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the applicant is an eligible entity to receive the advance, and that the applicant is providing this self-certification under penalty of perjury pursuant to 18 U.S.C. 1546 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.

ELIGIBLE ENTITY VERIFICATION

Choose One:
- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 636(a), with not more than 500 employees.
- Applicant is a tribal small business concern, as defined in 15 U.S.C. 667T(a)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c)(3), (c), or 1 of the Internal Revenue Code of 1986, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit or organized business under State law, a faith-based organization.

Review and Check All of the Following:
Applicant must review and check all of the following (if applicant is unable to check all of the following, applicant is not an Eligible Entity):
- Applicant is not engaged in any illegal activity (as defined by federal guidelines).
- No principal of the applicant or 50 percent or greater ownership interest is more than sixty (60) days delinquent on any support obligations.
- Applicant is not an agricultural enterprise (e.g., farm), other than an aquaculture enterprise, agricultural cooperative, or nursery.
- Applicant does not present live performances of a pornographic nature or derive directly or indirectly more than one-third of gross revenue through the sale of products or services, or the presentation of any navigations or displays, of a pornographic nature.
- Applicant does not derive more than one-third of gross annual revenue from illegal gambling activities.
- Applicant is not in the business of lobbying.
Basic Filing Requirements

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

1. Business Information
   - Business Legal Name *
   - Trade Name *
   - EIN/SSN for Sole Proprietorship *
   - Organization Type *
   - Is the Applicant a Non-Profit Organization? *
     - Yes
     - No
   - Is the Applicant a Franchise? *
     - Yes
     - No
   - Gross Revenues for the Twelve (12) Months Prior to the Date of the Disaster (January 31, 2020) *
   - Cost of Goods Sold for the Twelve (12) Month Prior to the Date of the Disaster (January 31, 2020) *
   - Rental Properties (Residential and Commercial) Only - Lost Rent Due to the Disaster
   - Non-Profit Cost of Operation for the Twelve (12) Month Prior to the Date of the Disaster (January 31, 2020)
   - Combined Annual Operating Expenses for the Twelve (12) Months Prior to the Date of the Disaster (January 31, 2020) for All Secular Social Services Provided by the Faith-Based Entity
   - List the Secular Social Services Provided by the Faith Based Entity
   - Compensation From Other Sources Received as a Result of the Disaster
   - Provide Brief Description of Other Compensation Sources
Basic Filing Requirements

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

Step 2 of 3
Business Owners Information

Is Your Business Owned by a Business Entity? *

Individual Owner/Agent(s)

<table>
<thead>
<tr>
<th>Owner/Agent 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Name *</td>
</tr>
<tr>
<td>Last Name *</td>
</tr>
<tr>
<td>Mobile Phone *</td>
</tr>
<tr>
<td>Title / Office *</td>
</tr>
</tbody>
</table>
Basic Filing Requirements
Basic Filing Requirements

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

Step 3 of 3
Additional Information

In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?

- Yes
- No

Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans?

- Yes
- No

a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?

- Yes
- No

b. Have you been arrested in the past six months for any criminal offense?

- Yes
- No

c. For any criminal offense - other than a minor vehicle violation - have you ever been convicted, plead guilty, plead nolo contendere, been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment)?

- Yes
- No
Basic Filing Requirements

If anyone assisted you in completing this application, whether you pay a fee for this service or not, that person must enter their information below.

Individual Name

Name of Company

Phone Number

Street Address, City, State, Zip

Fee Charged or Agreed Upon

I give permission for SBA to discuss any portion of this application with the representative listed above. ☐ Yes ☐ No

☐ I would like to be considered for an advance of up to $10,000.

Where to Send Funds

Bank Name *

Account Number *

Routing Number *
Basic Filing Requirements

On behalf of the individual owners identified in this application and for the business applying for the loan:

I/We authorize my/our insurance company, bank, financial institution, or other creditors to release to SBA all records and information necessary to process this application and for the SBA to obtain credit information about the individuals completing this application.

If my/our loan is approved, additional information may be required prior to loan closing. I/We will be advised in writing what information will be required to obtain my/our loan funds. I/We hereby authorize the SBA to verify my/our past and present employment information and salary history as needed to process and service a disaster loan. I/We authorize SBA, as required by the Privacy Act, to release any information collected in connection with this application to Federal, state, local, tribal or nonprofit organizations (e.g., Red Cross Salvation Army, Mennonite Disaster Services, SBA Resource Partners) for the purpose of assisting me with my/our SBA application, evaluating eligibility for additional assistance, or notifying me of the availability of such assistance.

I/We will not exclude from participating in or deny the benefits of, or otherwise subject to discrimination under any program or activity for which I/we receive Federal financial assistance from SBA, any person on grounds of age, color, handicap, marital status, national origin, race, religion, or sex.

I/We will report to the SBA Office of the Inspector General, Washington, DC 20416, any Federal employee who offers, in return for compensation of any kind, to help get this loan approved. I/We have not paid anyone connected with the Federal government for help in getting this loan.

CERTIFICATION AS TO TRUTHFUL INFORMATION: By signing this application, you certify that all information in your application and submitted with your application is true and correct to the best of your knowledge, and that you will submit truthful information in the future.

WARNING: Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 638(b). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines and imprisonment, or both, under 15 U.S.C. 645, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3571; and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 31 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

☐ I hereby certify UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES that the above is true and correct.

Click for additional statements required by laws and executive orders.
Private Non-Profit Organizations

Examples of Non-Profit Organizations: Nursing homes, food kitchens, museums, educational facilities, senior citizen centers, daycare centers, playhouses, community centers, shelters, rescue 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 using the Electronic Loan Application via SBA’s secure website at https://covid19relief.sba.gov/#/.

• Disaster loan information and application forms may also be obtained by calling the SBA’s Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.
Express Bridge Loans (EBLs):

Allows small businesses, who currently have a business relationship with an SBA Express Lender, to access up to $25,000 with less paperwork.

Can provide vital economic support to help overcome the temporary loss of revenue.

Can be a term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan.

Provide cash for an urgent need while waiting for decision and disbursement on Economic Injury Disaster Loan.
Additional SBA Programs

Paycheck Protection Program (PPP):

A direct incentive for small businesses to keep workers on payroll

Provides a loan up to $10 million for payroll and certain other expenses.

If all employees are kept on payroll for eight weeks, SBA will forgive the portion used for payroll, rent, mortgage interest, or utilities.

https://www.sba.gov/offices/district/nc/charlotte/resources/sba-lenders-serving-north-carolina-small-businesses

Small Business Debt Relief:

Provides a reprieve to small businesses as they overcome the challenges created by COVID-19.

SBA will pay the principal and interest of 7(a), 504, and micro loans not issued under PPP for a period of six months.
The Paycheck Protection Program (PPP) is a new $349 billion program providing relief to millions of small businesses so they can sustain their businesses and keep their workers employed.

The PPP loan will supply critical capital to help small businesses with payroll and essential business operating expenses without collateral requirements, personal guarantees, or SBA fees – all with a 100% guarantee from SBA.

Most importantly, SBA will forgive the portion of the loan proceeds used to cover the first eight weeks of payroll costs, rent, utilities, and mortgage interest.

Under this program:

- Eligible recipients may qualify for a loan up to $10 million determined by 8 weeks of prior average payroll plus an additional 25% of that amount.
- If you maintain your workforce, SBA will forgive the portion of the loan proceeds that are used to cover the first 8 weeks of payroll and certain other expenses.
- PPP loan payments will be deferred for six months.
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 pay the principal and interest of **new 7(a) loans** issued prior to September 27, 2020.

• The SBA will pay the principal and interest of **current 7(a) loans** for a period of six months.
Assistance From 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 & Technology Development Centers (SBTDCs)
- SCORE
- Women’s Business Centers (WBC)
- Veteran’s Business Outreach Centers
- Local Chambers of Commerce

For the nearest office, visit: https://www.sba.gov/local-assistance
Assistance From SBA Partners

For Help Filling out the SBA Disaster Loan Application

For the nearest resource partner visit: https://www.sba.gov/local-assistance

The following SBA-backed organizations provide assistance to small businesses in the state of North Carolina - email and phone counseling are available.

Small Business & Technology Development Center (SBTDC): http://www.sbtdc.org/coronavirus/

SCORE: https://www.score.org/

Veterans Business Outreach Center: https://www.fsuvboc.com/

Women’s Business Centers:

- Asheville area: https://www.wwbcnc.org/
- Charlotte area: https://theinstitutenc.org/programs/wbcc/
- Fayetteville area: https://www.wbcfay.org/
Any Questions?

More information concerning SBA and its programs visit our website at: www.sba.gov/disaster