

Small Business Assistance



The CARES Act

Economic Injury Disaster Loan (EIDL)

- ▷ This resource became available in mid-March, following an Economic Disaster Declaration for the state of Kansas. Since it's a disaster loan, it is administered directly by the SBA, so business owners will need to work directly with the SBA rather than with an SBA-approved lender.
- ▷ Small Businesses are able to receive up to \$2 million in assistance to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact.
- ▷ EIDL has an interest rate of 3.75% for small businesses without credit elsewhere, and 2.75% for non-profits, and can have term limits of up to 30 years (determined on a case-by-case basis).

Economic Injury Disaster Grant

To expedite access to capital for small businesses who have applied for an EIDL, businesses can request an advance of up to \$10,000 on the loan in the form of a grant.

Paycheck Protection Loan

- ▷ CARES Act created a new lending product under the SBA's 7(a) program. The loan is 100% guaranteed by the SBA and will have an interest rate of 4%. Since it's guaranteed by the SBA, you will have to work with an SBA-approved lender to apply.
- ▷ The loan will be able to cover payroll costs including those related to continuation of group health benefits; paid sick, medical, or family leave; employee salaries; and rent, mortgage, or other debt obligations.
- ▷ Maximum loan amount will be the lesser of \$10 million dollars or 2.5 times the average monthly payroll for 2019. There is a max cap of \$100,000 per employee for compensation.
- ▷ Paycheck Protection Loans will have automatic deferrals of principal, interest, and fees for 6 mos.

Loan Forgiveness

- ▷ Loan Forgiveness is available only for Paycheck Protection Loans. If a business is able to demonstrate payroll continuity from Feb. 15 to June 30, 2020, they will be able to work with their lender to request forgiveness on the loan. The amount forgiven will be reduced proportionally by any reduction in employees, or by the reduction of employee pay beyond 25% of their prior year salary.

Additional Notes

- ▷ You can apply for both an Economic Injury Disaster Loan as well as a Paycheck Protection Loan, as long as they go to different things. For example, the EIDL for working capital and PPL for payroll expenses.
- ▷ EIDL will be administered directly by the SBA. PPL requires that you work with a SBA-approved lender. If a group has not worked with an SBA loan before, they can use this tool to find an approved lender.
- ▷ CARES Act also allocated funding to small business development tools like the Small Business Development Centers, Women's Business Centers, Veterans Business Centers, etc, to continue to provide training, counseling, and assistance to small businesses impacted by COVID-19.