

SBA WEBINAR

Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program



Stephanie Cronin
Executive Director
scronin@middlesex3.com
www.middlesex3.com



Peter Milano
Senior Director, Business
Development
Peter.Milano@mass.gov
www.mass.gov/MOBD



THE CITY OF
LOWELL
THERE'S A LOT TO *like*

Christine McCall
Economic Development Director
cmccall@lowellma.gov
www.lowellma.gov
Maria Dickinson
Economic Development Officer
mdickinson@lowellma.gov



U.S. Small Business
Administration

Lisa Gonzalez-Welch
Economic Development Specialist
lisa.welch@sba.gov
www.sba.gov
Oreste Varela
Branch Manager (Springfield)
oreste.varela@sba.gov



**GREATER
LOWELL**
CHAMBER OF COMMERCE

Danielle McFadden
President/CEO
dmcfadden@greaterlowellchamber.org
www.greaterlowellcc.org/



Burlington Area Chamber of Commerce
The intersection of technology, community and commerce.

Rick Parker
President/CEO
rparker@baccma.org
www.burlingtonchamberofcommerce.org/

SBA To Provide Economic Injury Disaster Loans For Coronavirus Related Economic Disruptions



U.S. Small Business
Administration

SBA's Programs and Services

- Counseling  Business Training & Education
 - SCORE, MSBDC & CWE
- Capital  Access to Government Guaranties
 - Microloans/Community Advantage
 - 7(a)/Express, 504 Loan Programs
 - Surety Bond Guaranty Program
- Contracting  Selling to the U.S. Government
 - 8(a) Business Development & HUBZone Certification
- Disaster Assistance
 - Physical Damage & Economic Injury Loans



U.S. Small Business
Administration

SBA Programs for Economic Recovery

Coronavirus Relief Options

We're here to help you overcome the challenges created by this health crisis. We offer multiple funding options for those seeking relief. Read more below.



Paycheck Protection Program



EIDL Loan Advance



SBA Express Bridge Loans



SBA Debt Relief

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

Economic Injury Disaster Loan Emergency Advance



This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties as a result of the COVID-19 pandemic. Funds will be made available following a successful application. This loan advance will not have to be repaid.

This program is for any small business affected by COVID-19*

- with less than 500 employees including
 - sole proprietorships
 - independent contractors
 - self-employed persons
- private non-profit organization
- 501(c)(19) veterans' organizations

Are faith-based organizations, including houses of worship, eligible to receive SBA loans under the PPP and EIDL programs?

Yes, and we additionally clarify that faith-based organizations are eligible to receive SBA loans regardless of whether they provide secular social services.*

* <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

SBA's Economic Injury Disaster Loan Terms

How much can I borrow?

Eligible entities may qualify for loans up to \$2 million.

The interest rates for this disaster are 3.75 percent for small businesses and 2.75 percent for nonprofit organizations with terms up to 30 years.

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

How can I use the loan funds?

These working capital loans 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.

Economic Injury Disaster Loans/Grant (EIDL)



**SBA's Disaster Customer Service Representatives
are ready to serve you**

How to Apply

- Applicants visit SBA's secure website at <https://covid19relief.sba.gov/#/business-info>
- Completed applications can be mailed to:

U.S. Small Business Administration
Processing and Disbursement Center
14925 Kingsport Road
Fort Worth, TX 76155
- SBA's Disaster Customer Service Center: 800-659-2955
(800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov
- The deadline to apply for an Economic Injury Disaster Loan is **Dec. 16, 2020**

SBA Express Bridge Loans



Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

If a small business has an urgent need for cash while waiting for decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.



Terms

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

* <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

SBA Debt Relief



The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

The SBA will automatically pay the principal, interest, and fees of **current 7(a), 504, and microloans** for a period of six months.

The SBA will also automatically pay the principal, interest, and fees of **new 7(a), 504, and microloans** issued prior to September 27, 2020.

Additional Debt Relief

For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through December 31, 2020.

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

Assistance From SBA Partners



Center for Women & Enterprise
Your Vision. Our Mission.

- **Free** One-on-one business consulting, via Zoom, Skype, Phone, Email
- Assistance with information that will be required for a Loan
- Each application and every business is different
- Assistance in preparing financial statements
- Assistance with Cash Forecasts, especially for new businesses
- Updating your Business Plan
- NOW is the time to take care of your business' health
- Get a checkup for your business:

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

SBA's Resource Partners - SCORE



Experienced Volunteers Offering:

- Expert business counseling
- Marketing advice
- Business plan preparation
- Loan application assistance
- Online or in person counseling
- **FREE AND CONFIDENTIAL**

Contact SCORE:

Southeastern MA....508-587-2673

www.sema.score.org

Boston.....617-565-5591

www.boston.score.org

Cape Cod 508-775-4884

www.capecod.score.org

Northeastern MA ...978-927-2282

www.scorenemass.org

Western MA413-785-0314

www.westernmassachusetts.score.org

Worcester 508-753-2929

www.worcester.score.org

SBA's Resource Partners - MSBDC



Contact the MSBDC:

Pittsfield 413-499-0933
Worcester 508-793-7615
Salem 978-542-6343
Fall River 508-673-9783
Springfield 413-737-6712
Govt. Contracting 413-737-6712 x 105
Export Help 617-973-8664

MSBDC:

<https://www.msbdc.org/semass/rfc.html>

Paid advisors across the state in 6 regional centers.

- ✓ Free and Confidential
- ✓ Business plan and loan application assistance
- ✓ Combines resources of SBA, local government, private sector and academia
- ✓ Export and government contracting assistance.
- ✓ Typically located at colleges and universities:
U-Mass Amherst and Boston, Salem State
and Clark University

SBA's Resource Partners - CWE



Center for Women & Enterprise
Your Vision. Our Mission.

Centers in Boston and Worcester provide:

- Classes on how to write a business plan
- Support in launching your business
- Networking with other business owners
- 2-hour topic-specific workshops
- One-on-one legal and business consulting
- Classes to support you in your job search



Boston: (617) 536-0700

Westborough: (508) 363-2300

Disaster Loan Assistance Streamlined Process



OMB Control #3247-0406

Expiration Date: 09/30/2020

Disaster Loan Assistance

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

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 28 U.S.C. 1746 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.

<https://covid19relief.sba.gov/#/>



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. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(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),(d), or (e) of the Internal Revenue Code of 1954, or 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, or a faith-based organization.

Review and Check All of the Following:

Applicant must review and check all 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 with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child 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 prurient sexual nature or derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Applicant does not derive more than one-third of gross annual revenue from legal gambling activities.
- Applicant is not in the business of lobbying.
- Applicant cannot be a state, local, or municipal government entity and cannot be a member of Congress.

If you have questions about this application or problems providing the required information, please contact our Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339) DisasterCustomerService@sba.gov.

Continue >

Step 5 of 5

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?

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)?

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 *

On behalf of the individual person identified in this application and for the business mentioned therein.

Submit Your Application As Soon As Possible

- ❑ Recheck the filing requirements to ensure that all the needed information is submitted.
- ❑ The biggest reason for delays in processing is due to missing information.
- ❑ If more funds are needed, applicants can submit supporting documents and a request for an increase. If less funds are needed, applicants can request a reduction in the loan amount.

Paycheck Protection Program



“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 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).

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%.”*

<http://www.sba.gov/paycheckprotection>

Paycheck Protection Program (PPP)

- The Paycheck Protection Program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on business mortgages, rent, and utilities
- Funds are provided in the form of loans that will be fully forgiven when 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 decreases
- Small businesses with 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors— are eligible

Paycheck Protection Program (PPP)

- Starting April 3, 2020, small businesses and sole proprietorships can apply. Starting April 10, 2020, independent contractors and self-employed individuals can apply. Application period ends **30 Jun 20**
- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating
- Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee
- 2 year term, 1% interest rate
- Payments deferred for 6 months, although interest will accrue
- No collateral or personal guaranty required

<http://www.sba.gov/paycheckprotection>



U.S. Small Business
Administration



For system and application help please contact
SBA's Economic Injury Disaster Loan
Customer Service Center at (800) 659-2955
disastercustomerservice@sba.gov

District Office Contact Information

Lisa Gonzalez Welch

Economic Development Specialist
U.S. Small Business Administration
Massachusetts District Office

(617) 565-5588

lisa.welch@sba.gov

Oreste Varela

Branch Manager Springfield Massachusetts Office
U.S. Small Business Administration
Springfield Massachusetts Office

(413) 785-0484

Oreste.varela@sba.gov

To get the most up-to-date information as things develop, visit our website at www.sba.gov/MA and subscribe to our e-newsletter via www.sba.gov/UPDATES

-

Q&A

What is the best program for sole proprietors and very small LLC businesses?

If you are an independent contractor applying for PPP, does the payroll you pay yourself qualify as a potentially forgivable loan? And, can an S Corp with no employees except for myself apply for PPP?

Can the owner of a small business that is a single-member LLC use PPP loan funds to pay themselves in an owner's draw (proportionate to draws taken during 2019 tax year) in addition to using the funds for employee payroll? Or are PPP loan funds restricted to paying employees only?

How will sole-proprietors and other business owners who don't pay themselves a standard paycheck provide qualifying details for the PPP applications. And, if you are a sole proprietor with no employees except for yourself, can general business expenses be a sufficient reason for obtaining a loan?

For independent contractors and others who only have 1099 income and don't have any employees on payroll or W-2 income themselves (instead depositing monies received into a bank account and then taking withdrawals/distributions to pay themselves), so no "payroll checks", how will these people who take out PPP loans be able to have those loans forgiven? It seems the forgiveness rules require "payroll" to be continued for 8 weeks after the loan, but what if no payroll exists, just distributions?

For start-up businesses, can the required docs only have Sept-Mar figures and what are the required documents?

What if my bank is not participating in the PPP? I have checked with a few other banks, but they will only process applications for their own customers, and some banks have already stopped taking applications because they are overwhelmed. What is in place for businesses who do not have a relationship with an SBA lender? And where can we find a list of LOCAL SBA lenders?

In order to qualify for loan forgiveness, are we required to hire the SAME employees? What if we lose some people or do not re-hire some laid-off workers, but replace them with other workers?

Must all of the PPP money be paid out by June 30 to qualify for loan forgiveness? What if we are not able to re-open until later than May 4? What if we need to reopen with limited capacity? Are we still going to be required to have same headcounts and 75% payroll to qualify for forgiveness?

My local bank is unable to fund our PPP or EIDL. I need other options as a Lowell based Sole Prop. with 4 1099 employees

Does PPP impact applications for UI? And, should we be applying for unemployment in the interim?

Can you apply to more than one lender until you receive the registration number for the loan?

For the PPP, are there any indications yet on how quickly the existing \$350B is being spent down or when it may run out?

What are the PPP loan forgiveness terms for small businesses? Are monthly payments on the PPP loan due after receiving the funds, or are payments deferred until the 'forgiveness' amount is assessed...?

75% of PPP fund must be paid into employee wages and compensation. Does that include retirement funding?

What if I can't use the funds within the time frame due to majority of employees not being able return to work due to homeschooling, illness or fear of getting sick.

We've completed the applications with our SBA approved lender. Is there anything else we can or should be doing? Or do we have to wait for things to be processed, approved, etc.?

We submitted our applications to our lender on April 6th. Assuming we are approved when could we expect to see funds. The news has talked about the smallest businesses being last in line to be processed and distributed.

The funds utilized will only be forgiven if applied in the first 8 weeks. Do you think the time frame will remain firm?

What is the turnaround time for PPP loans? How do funds get disbursed to the companies once approved?

My company is a sole proprietor (myself) & 4 employees (1099). I applied for PPP & EIDL. If approved: Does it cover my pay & THEIRS AS MY 1099 EMPLOYEES or should I start them or US ALL on a W2 pay if approved? Should we be applying for unemployment in the interim?"

Which program would be better suited for my business and how long do I have to pay it back? Also, I need to understand if it is possible to use EIDL together with PPP for different expenses and different dates of payroll.

What is the mechanism to convert the EIDL to a PPP? And what is the reason the State Government funds have not been replenished and applications are closed?

Can you please add clarification to the amount of advances offered to small businesses for the EIDL loans? And are individual lenders allowed to determine EIDL eligibility or are they just issuing the loans with eligibility determined by the SBA? And, could you indicate what the realistic timelines for the loan process?

I have completed the SBA EIDL \$10,000.00 advance application for sole proprietors without employees. I am waiting for my bank to send me the link to apply for the underlying loan. Is there a hold up at the banks getting the information? Will the delay between the loan advance application to the SBA and the application for the underlying loan, prejudice me in any way in receiving the advance and/or the loan?

I applied for the EIDL through the SBA website. I was surprised that the application did not ask for a requested loan amount. How is the amount of the EIDL is determined (What counts)? Is this application just preliminary so that we should expect a follow up?

I submitted the simplified application for EIDL on April 2 and have received no confirmation or follow-up, beyond the confirmation # provided after I submitted the online app. I have checked my spam folder and added sba.gov to my safe sender list. What should we expect for process and timing on future communications to confirm application receipt and status?

What is the best method for businesses to check on the status of their EIDL applications?

There are businesses that are delaying participation because they hear that things are not organized, the process is difficult, etc. I am sure these issues will be addressed during the call, but your recommendation is welcomed so we can encourage businesses to apply for help.

Do we need to reapply for the EIDL if we applied earlier, in March? Are funds limited to 1K per employee, even for independent contractors? How to check status of applications for both EIDL and PPP? How long will it take for funds to be disbursed?

Regarding EIDL - I am the only employee of an LLC contingency recruiting business. Very few firms are hiring in this current environment, but I continue to work on a few job openings. My compensation is a commission based on placements and variable by nature. I had several placements paid in July & August of 2019 and a few in Jan-Feb 2020. The loan will be used pay my ongoing fixed costs & my salary. Will I qualify? What happens if I actually place a candidate during the term of the loan?

My credit score has gone down because I missed payments because I am out of business. Is this going to hurt me?

What contingency planning should companies do if they do NOT get federal support?

Are there any grants available at this time?