



U.S. Small Business
Administration

Coping with COVID-19

Financial Tools & Resources to Help Small Business

U.S. Small Business Administration (SBA)

Washington Metropolitan Area District Office (WMADO)

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Key Stimulus Bill Provisions and Support Available

1. Using Loan Payment Deferrals to Augment Cash Flow
2. CARES Act: Paycheck Protection Program (PPP)
3. Economic Injury Disaster Loan (EIDL) Program
4. CARES Act: Small Business Debt Relief

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Using Loan Payment Deferrals to Augment Cash Flow

Existing SBA loans

- 7(a), 504 or Microloans: Loan payments can be deferred up to six months. Business owners should talk with their lenders and ask for a loan modification.
- Existing Disaster Assistance Loans: SBA is automatically deferring payments on all outstanding disaster loans through December 31, 2020.

Non-SBA Business Loans

- Borrowers can discuss with their banker/lender the option to defer loan payments.
- The length of any deferment would be determined by the bank or lending institution.

Financial regulatory agencies have issued a joint letter to financial institutions, strongly recommending lenders work with borrowers to offer loan modifications in response to the COVID-19 pandemic.

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CARES Act: Paycheck Protection Program (PPP)

Eligible Entities

Businesses including sole proprietorships, self-employed individuals and independent contractors, non-profits, veterans' organizations, Tribal concerns

Must have 500 or fewer employees or within SBA size standards

- Loan Amount: up to \$10 million (2 ½ Times Monthly Payroll)
- Interest Rate: 1.0%
- Streamlined Application Process
- Loan Forgiveness: Tied to use of funds for payroll costs (75% min)
- Loan Fees: None
- Collateral: None Required, No Personal Guarantees
- Maturity: 2 Years
- First Payment: No Payment Required for the First Six Months
- 100% SBA Guarantee to Lenders
- SBA Pays Fees for Processing Loans

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Economic Injury Disaster Loan (EIDL) Program

What are the Key loan conditions of these SBA direct loans?

- \$2 Million maximum loan amount
- Up to the \$10,000 may be forgiven in its entirety.
- Interest rates are 3.75 % for small businesses and 2.75 % for non-profit organizations.
- Terms of up to 30 years.
- First payment deferred 12 months.

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Economic Injury Disaster Loan (EIDL) Program

How can I use EIDL funds?

Loan Proceeds are to be used to support working capital needs:

- Payroll
- Accounts Payable
- Fixed Monthly Debts (Lease/Rents, Mortgage Interest, etc.)
- Plus other bills that could have been paid had the disaster not occurred.

EIDLs are **not meant for business expansion.**

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CARES Act: Small Business Debt Relief Program

Provides immediate relief to small businesses with non-disaster SBA loans; in particular, 7(a), 504, and microloans.

- For **Existing** SBA Loans: SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans. Payments will be made for a period of six months.
- For **New** SBA Loans: SBA will automatically pay six months of principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.