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Economic Development

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TEXAS



Programs for Small Businesses

SBA 7(a) – Paycheck Protection Program (PPP)

SBA Disaster Assistance – Economic Injury Disaster Loan Program



United States Small Business Administration Paycheck Protection Program

What is the Paycheck Protection Program?

- **The PPP is a 100% Federally-backed loan for key operational costs such as payroll, rent and utilities**
- **The PPP is a loan made through SBA Preferred lenders or through any federally insured depository institutions, federally insured credit union, and Farm Credit System Institution that is participating. Consult with your local lender.**
- **The loan is forgivable for costs incurred between Feb 15, 2020 – June 30, 2020**



United States Small Business Administration Paycheck Protection Program

Who can apply?

- **Any small business with less than 500 employees**
- **Sole proprietorships, independent contractors, self-employed and non-profits**
- **Some businesses with more than 500 employees will qualify.**

<https://www.sba.gov/size-standards/>

What are the loan terms?

- **Maturity of 2 years.**
- **Interest rate 0.5%.**
- **No prepayment penalty**
- **Loan Fees waived**
- **No collateral or Personal Guarantee**
- **Loan payments will also be deferred for six months.**

SBA Paycheck Protection Program

How much can be borrowed?

- Up to 2.5 times the average monthly payroll costs subject to a \$10 million limitation
- Not included in the calculation
 - any individual employee compensation over \$100,000
 - Payroll and income taxes
 - Compensation for an employee with a principal residence outside the US
 - Qualified sick leave or family leave wages for which a business will receive credit under the Families First Coronavirus Response Act

What can the funds be used for?

- Payroll costs
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employees salaries
- Interest payments on a mortgage
- Rent and utility payments
- Interest payments on any other debt obligations that were incurred before Feb 15, 2020.



SBA Paycheck Protection Program

Loan Forgiveness?

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities.



United States Small Business Administration Economic Injury Disaster Loan

What businesses qualify for an SBA Economic Injury Disaster Loan?

- **Any business that has suffered an economic injury as a result of the COVID-19 crisis, which began on January 31, 2020 can apply.**



United States Small Business Administration Economic Injury Disaster Loan (EIDL)

What is an EIDL loan?

- **An EIDL is a working capital loan**
- **The loan is designed to help businesses who have suffered an economic injury as a result of the disaster.**



United States Small Business Administration Economic Injury Disaster Loan (EIDL)

What are the loan terms?

- **Loan terms cannot exceed 30 years.**
- **The SBA will determine an appropriate installment payment based on the financial ability of each borrower. The installment payment will determine the term of the loan up to a maximum of 30 years.**



United States Small Business Administration Economic Injury Disaster Loan (EIDL)

How much can be borrowed?

- **The loan amount is the amount needed to cover the economic injury.**
- **Not to exceed \$2 million**
- **If a business is classified as a major employer, the SBA has authority to waive the \$2 million limitation.**

▲ Coronavirus (COVID-19): Small Business Loan Information. [LEARN MORE](#)



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Disaster assistance

The SBA provides low-interest disaster loans to help businesses and homeowners recover from declared disasters.

[APPLY FOR ASSISTANCE](#)



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

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.

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



SBA Economic Injury Disaster Loan **sba.gov/disaster**

Additional Information required:

- **Complete Copies, including all schedules of the most recent Federal income tax returns for the business**
- **A current YTD profit-and-loss statement**
- **Complete copies of Federal income tax returns for each principal owning 20% or more, each general partner or managing member, and each affiliate when any owner has more than 50% ownership in the affiliate business.**

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EIDL	PPP
Who is the lender?	
The SBA	A bank
When can I apply?	
Now	Now
What is the maximum amount of the loan?	
\$2 million. Applicants who apply may request an advance of up to \$10,000. The advance will be distributed within 3 days. Applicants are not required to repay the advance.	\$10 million.
What is the annual interest rate?	
3.75% for businesses, 2.75% for non-profits	0.5%

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EIDL	PPP
<i>What is the term of the loan?</i>	
Up to 30 years	2 years
<i>When is the first payment due?</i>	
One year after the loan origination date (interest is accrued during the deferment)	At least six months after the loan origination date (interest is accrued during the deferment).
<i>What can the funds be used for?</i>	
Financial obligations and operating expenses that could have been met had the disaster not occurred.	Employee salaries, health insurance, interest on a mortgage, rent, utilities, interest on other debt obligations.
<i>Is there a loan forgiveness?</i>	
No	Yes – calculated as the amount spent on permitted costs during an 8-week period after the origination date of the loan.

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EIDL	PPP
<i>How do I get forgiveness?</i>	
N/A	You must apply through your lender for forgiveness.
<i>What collateral is required?</i>	
The SBA will place a UCC lien against the assets of the businesses.	No collateral is required from the business or the owners.
<i>Is a personal guarantee required?</i>	
Yes, for loans greater than \$200,000, owners of greater than 20% of the business, managing members of LLC's, managing partners of LPs.	No
<i>Do I need to have filed my 2019 Taxes to apply?</i>	
No	Will depend on the lender.



SBA Economic Injury Disaster Loan
sba.gov/disaster

If you have questions or need help, please contact:

Navarro SBDC – sbdc@navarrocollege.edu

or

Corsicana/Navarro County Economic Development
903-654-4806



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