



## CORONAVIRUS EMERGENCY LOANS FOR SMALL AND MID-SIZED BUSINESSES

The Coronavirus Aid, Relief and Economic Security (CARES) Act authorized three programs to provide more than \$1.2 trillion in immediate loan assistance for small and mid-sized businesses (including sole proprietorships, independent contractors, self-employed individuals and qualifying nonprofit organizations) impacted by the pandemic and economic downturn. These three programs include the SBA's Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) Program, as well as the Federal Reserve's Main Street Lending Program (MSLP).

### SMALL BUSINESS ASSOCIATION'S (SBA) TWO LOAN PROGRAMS:

Contact SBA Coronavirus Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339), [DisasterCustomerService@sba.gov](mailto:DisasterCustomerService@sba.gov).

- » **Paycheck Protection Program (PPP):** Provides small business owners with forgivable, low-interest, no collateral loans for payroll costs, interest on mortgage obligations (not principal), rent (including utilities) and interest on debt that existed prior to February 15, 2020.
- » **Economic Injury Disaster Loans (EIDL):** Provides small businesses with working capital of up to \$2 million in the form of a long-term, low-interest loan. Proceeds can be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact. While EIDL loans are not forgivable, applicants may receive a \$10,000 emergency advance that does not have to be repaid.

### PAYCHECK PROTECTION PROGRAM (PPP) LOANS

#### » Eligibility

- Small businesses (including sole proprietorships, independent contractors, self-employed individuals and qualifying nonprofit organizations) for whom the loan is necessary to support their ongoing operations and either:
  - (1) Have 500 or fewer employees;
  - (2) Meet the SBA's Small Business Size Standards by NAICS Industry; or
    - [Standards table >>](#) ([bit.ly/sba-standards-table-brc](http://bit.ly/sba-standards-table-brc))
    - [Business size classification system tool >>](#) ([bit.ly/brc-sba-size-tool](http://bit.ly/brc-sba-size-tool)) CARES Act 4/20 3
  - (3) Have a maximum tangible net worth of \$15 million or less and an average net income of \$5 million or less for the preceding two full fiscal years
  - Affiliation rules regarding related entities applies for determining eligibility except in limited circumstances, such as businesses in the "accommodation and food services" sector under the NAICS (i.e., NAICS codes beginning with 72)
  - [Additional details on eligibility >>](#) ([bit.ly/brc-eligibility-concerns](http://bit.ly/brc-eligibility-concerns))

#### » Loan Amounts and Terms

- 2.5 times the average monthly payroll costs for the one year prior to the loan date
  - Payroll costs include: (1) salaries, wages, commissions, or similar compensation; (2) pay of cash tip or equivalent; (3) payment for vacation, parental, family, medical and sick leave; (4) allowances for dismissal or separation; (5) group health care benefits and premiums; (6) retirement benefits; and, (7) state and local tax assessed on employee compensation
  - Payroll capped at \$100,000 per employee on an annualized basis and does not include: (1) employees residing outside of US; or (2) qualified sick leave or family leave wages for which credit is allowed under Families First Coronavirus Response Act
- Cap on loan amount of \$10 million
- Interest rate of 1%

- Two-year term with payments deferred for six months to one year

#### » Use of Loan Amounts

- Payroll costs, including benefits
- Interest on mortgage obligations incurred before February 15, 2020
- Rent under lease agreements in force before February 15, 2020
- Utilities for services in place before February 15, 2020

#### » Loan Forgiveness

- You will owe money if you use the loan amount for anything other than the items outlined above
- Not more than 25% of the forgiven amount may be used for non-payroll costs
- Must maintain staff and payroll without decreasing salaries and costs by more than 25% for employees making less than \$100,000

#### » Required Certification

- Current economic uncertainty makes the loan necessary to support ongoing operations
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease and utility payments
- You have not and will not receive another loan under this program
- You will provide documentation that verifies the number of full-time employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments and covered utilities for eight weeks after getting this loan
- All information in the application and all supporting documents and forms are true and accurate

#### » How to Apply

- [Find a lender >> \(bit.ly/brc-sba-find-lender\)](https://bit.ly/brc-sba-find-lender)
  - Many lenders are prioritizing their existing customers, so best to check with your existing lender first
  - In addition to banks, you may be able to submit an online application to certain SBA-approved "fintech" companies, such as:
 

<ul style="list-style-type: none"> <li>• PayPal – only current customers</li> <li>• Intuit QuickBooks -- only current customers</li> <li>• Square – only current customers</li> <li>• OnDeck</li> </ul>	<ul style="list-style-type: none"> <li>• Funding Circle</li> <li>• BlueVine</li> <li>• Kabbage</li> <li>• Ready Capital</li> <li>• Credibly</li> </ul>
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- [Complete an application form >> \(bit.ly/brc-ppp-application\)](https://bit.ly/brc-ppp-application)
- Compile supporting documentation for your lender. Most lenders will likely require the following, which your payroll provider may be of assistance in collecting:
  - 2019 IRS Quarterly 940, 941 or 944 payroll tax reports
  - Payroll reports for a twelve-month period (ending on your most recent payroll date), which show the following information:
    - Gross wages for each employee, including officer(s) if paid W-2 wages
    - Paid time off for each employee
    - Vacation pay for each employee
    - Family medical leave pay for each employee
    - State and local taxes assessed on an employee's compensation
  - 1099s for independent contractors for 2019
  - Documentation showing total of all health insurance premiums paid by the company owner(s) under a group health plan
    - Include all employees and the company owners
  - Document the sum of all retirement plan funding that was paid by the company owner(s) (not to include funding that came from employees out of their paycheck deferrals.)
    - Include all employees and the company owners
    - Include 401K plans, Sime IRA, SEP IRA's

## EIDL LOANS

### » Eligibility

- Small businesses (including sole proprietorships, independent contractors, self-employed individuals and qualifying nonprofit organizations) who have suffered “substantial economic injury” as a direct result of COVID-19 and either:
  - (1) Have 500 or fewer employees;
  - (2) Meet the SBA’s Small Business Size Standards by NAICS Industry; or
  - (3) Is a private nonprofit organization or a 501(c)(19) veterans organization

### » Loan Amounts and Terms

- **Advance of \$10,000 upon application – no repayment obligation**
- Loans up to \$2 million
- Terms of up to 30 years
- 3.75% interest (2.75% for nonprofits)
- No collateral required for loans of \$25,000 or less, and, if more than \$25,000, general security interest in business assets can be used
- EIDLs of greater than \$200,000 will require the guarantee of an owner having a 20% or greater ownership interest
- Automatic deferral of principal payments for one year (interest begins to accrue upon loan disbursement)
- **Some loan amounts may be eligible to convert into a PPP loan that is forgivable**

### » Use of Loan Amounts

- Can be used for working capital, including fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster
- Cannot be used to refinance long-term debt, expand facilities, pay dividends or relocate
- Cannot be duplicative of award under PPP Program

### » How to Apply

- Applications are taken online through the SBA
- You will need the following:
  - EIN/SSN depending on whether you are a corporation or sole proprietorship
  - Gross revenue for past 12 months
  - Cost of operations
  - Compensation from insurance or other sources related to the disaster CARES Act 4/20

## THE FEDERAL RESERVE’S MAIN STREET LENDING PROGRAM:

To contact the Federal Reserve regarding the MSLP, please visit [bit.ly/brc-federal-reserve-contacts](https://bit.ly/brc-federal-reserve-contacts) to contact the Federal Reserve regarding the MSLP.

» **Main Street Lending Program (MSLP):** Provides small and mid-sized businesses with low-interest, no collateral, one-year deferred loans

### » Eligibility

- Small and mid-sized businesses (including sole proprietorships, independent contractors, self-employed individuals and qualifying nonprofit organizations) who require the loan funds due to COVID-19 and either:
  - (1) Have 15,000 or fewer employees; or
  - (2) Had \$5 billion or less in revenue for 2019
- Receiving a PPP loan does not make a business ineligible under the MSLP

## » Loan Amounts and Terms

- Eligible lenders may originate new MSLP loans or use MSLP funds to increase the size of other loans that existed prior to April 8, 2020
- Loan amounts
  - New MSLP loans:
    - Minimum of \$500,000
    - Maximum is lesser of: (i) \$25 million; or (ii) an amount that, when added to existing outstanding and undrawn available debt, does not exceed four times adjusted 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA") ([for more details on this calculation >>](#)) ([bit.ly/brc-mainst-lending-program](https://bit.ly/brc-mainst-lending-program))
  - Existing loan increases:
    - Minimum of \$10 million
    - Maximum is lesser of: (i) \$200 million; (ii) 35% of existing outstanding and undrawn available debt; or (iii) an amount that, when added to existing outstanding and undrawn available debt, does not exceed six times adjusted 2019 EBITDA
- Adjustable interest rate of approx. 3.76% (as of April 30, 2020)
- Four-year term with principal and interest payments deferred for one year
- No prepayment penalty
- 1% origination fee for new MSLP loans, and 0.75% upsizing fee for existing loan increases

## » Use of Loan Amounts

- Must use reasonable efforts to maintain payroll and retain workers during term of the loan, but qualifying uses of funds are not limited to such efforts
- Prohibited use of funds: repaying other debt unless such payments are mandatory and due, buying back stocks, and paying dividends

## » Required Certification

- The funds will not be applied toward any prohibited uses (above)
- There is a reasonable basis to believe the business has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period
- The business is eligible to participate in the MSLP

## » How to Apply

- Find and contact an eligible lender (includes U.S. banks and other insured depository institutions)
  - Best to reach out to your existing lender first, if eligible, and then your local FDIC bank
  - [Find an FDIC bank >>](#) ([bit.ly/brc-mainst-lending-program](https://bit.ly/brc-mainst-lending-program))
- Review your 2019 financials to calculate your potential loan amount based on 2019 EBITDA and compile other supporting documentation for your lender
- Complete lender's application
- Continue to monitor the [Federal Reserve's MSLP announcements >>](#) ([bit.ly/brc-mslp-news](https://bit.ly/brc-mslp-news))