



## Covid-19 Business Relief

Assistance from federal programs can make a world of difference for small businesses suffering economic losses caused by the COVID-19 pandemic. The Small Business Administration (SBA) is the United States government agency that provides support to small businesses, and is expected to expand its offerings to address this crisis.

The SBA is currently offering the Economic Injury Disaster Loan (EIDL) program to small businesses impacted by COVID-19. Additionally, the CARES Act was signed into law on Friday, March 27th. This bill expands the EIDL and authorizes additional SBA programs to provide financial relief for small businesses. The ICA Group will be providing up-to-date information on SBA programs for the business community, particularly employee-owned businesses.

# SBA Program Summary

The chart below summarizes the EIDL program and the new SBA programs authorized by the CARES Act. For more detailed and updated information on each program, visit [www.icagroup.org/covid19/relief](http://www.icagroup.org/covid19/relief).

Program Name	<b>ECONOMIC INJURY DISASTER LOAN (EIDL) PROGRAM</b>	<b>PAYCHECK PROTECTION PROGRAM (PPP)</b>	<b>SMALL BUSINESS DEBT RELIEF</b>
Status	Program is currently available.	Banks began accepting applications on Friday, April 3. Some banks are still setting up their systems to process applications.	Program is currently available.
Description	Working capital loans to cover expenses that could have been paid had COVID-19 not occurred. Applicants are able to request an advance up to \$10,000 on the loan in the form of an Emergency Grant.	Loans to help cover fixed operating costs, including payroll and occupancy costs for an 8-week period of time, portions of which may be forgiven if the company maintains its payroll.	Requires SBA to pay all principal, interest, and fees on all existing SBA loan products for six months to provide relief to small businesses negatively affected by COVID-19.
Eligibility	Small businesses (including cooperatives and ESOPs with fewer than 500 employees), sole proprietors, small agricultural cooperatives, small aquaculture businesses, and most non-profit organizations.	Small businesses (including cooperatives and ESOPs with fewer than 500 employees), sole proprietors, independent contractors (including "gig economy workers"), other self-employed individuals, nonprofit organizations, and Tribal businesses.	All existing SBA loan products are eligible for small business debt relief, including 7(a), 504, and Microloan programs, even if the loan was sold on the secondary market.
When to apply	ASAP. Applying for EIDL will not prohibit you from applying to other programs.	Applications opened on Friday, April 3, and should be submitted ASAP. A sample application is available online.	Debt relief is automatic, but you should check with your current SBA lender to confirm.
How to apply	Apply online at <a href="http://disasterloan.sba.gov/ela">disasterloan.sba.gov/ela</a> .	Apply at any SBA-approved lending institution. Prioritize working with your current bank if possible. Find SBA-approved lenders using SBA's Lender Match tool.	Debt relief is automatic, but you should check with your current SBA lender to confirm.
Loan amount	6 months of working capital, with a maximum loan size of \$2 million.	2.5 times average monthly payroll costs, with a maximum loan size of \$10 million.	Does not apply.

# SBA Program Summary (continued)

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Criteria - repayment	SBA will consider applicant's credit score or an alternative appropriate method for determining ability to repay.	SBA will consider whether a business was operational on 2/15/2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor.	Does not apply.
Criteria - collateral	Loans over \$25,000 require collateral. SBA will not decline a loan for lack of collateral, but requires borrowers to pledge what is available.	Collateral requirements are waived.	Does not apply.
Criteria - guarantees	Requires principles of business to personally guarantee repayment of loans over \$200,000; personal guarantee requirements are waived on loans up to \$200,000.	Personal guarantee requirements are waived.	Does not apply.
Terms, including repayment	Loan repayment is deferred for 12 months, though interest accrues. SBA offers EIDLs with long-term repayments, up to a maximum of 30 years.	Payment is automatically deferred for 12 months, and any loan amount not forgiven at the end of 12 months is carried forward as an ongoing loan with a maturity of 2 years.	Does not apply.
Interest rate	3.75% for small businesses.	1% for eligible businesses.	Does not apply.
Important notes	Borrowers cannot receive PPP assistance and an EIDL through SBA for the same purpose. If you received an EIDL related to COVID-19 between 1/31/2020 and the date at which PPP became available, you can refinance the EIDL into the PPP for loan forgiveness programs.	Borrowers cannot receive PPP assistance and an EIDL through SBA for the same purpose. If you received an EIDL related to COVID-19 between 1/31/2020 and the date at which PPP became available, you can refinance the EIDL into the PPP for loan forgiveness programs.	SBA loans made up until six months after enactment will also receive a full 6 months of loan payments by the SBA.  EIDL for COVID-19 and PPP loans are not eligible for small business debt relief.

# Navigating SBA programs

As you review the programs that you may be eligible for, here is important information to keep in mind:

1. You'll need to gather the following information:\*
  - Most recent Federal Tax Return
  - Year-End (2019) Profit and Loss Statement
  - A current Year-to-Date Profit and Loss statement
  - Monthly breakdown of sales figures
2. SBA loans are designed to be as accessible as possible, so don't be afraid to apply, even if you have bad credit or lack of collateral.
3. There is no cost to apply for SBA programs.
4. According to the SBA, the biggest reason for delays in processing is due to missing information. Double check all filing requirements to ensure that all forms are completed before submitting your application. If your application is incomplete, you will be notified about what is missing, but you will fall back in the queue of applications.
5. Submit your (completed!) applications as soon as possible. It typically takes one month for a loan application to be processed. Apply for the EIDL program now. Do not wait for other programs to be authorized before applying for what currently exists.
6. Make sure to use the same contact information (business name and name of all owners) that you use on your federal tax returns.
7. If your loan is approved, you are not obligated to accept the funds. Therefore, it's worth applying now, even if you're not 100% certain that you'll need a loan.
8. SBA programs have an appeals process. If you are denied from a program, know that "no" is not always the final answer. If your request for an SBA loan is denied, you will be given up to six months to provide new information and submit a written request for reconsideration.
9. Discrimination is illegal. SBA programs are available to all who are eligible. If you believe you have experienced discrimination when obtaining services from SBA, you may file a complaint with the SBA.
10. You can get assistance from the ICA Group. We know that navigating these programs can be overwhelming and confusing. Please know that you can email [covid19relief@icagroup.org](mailto:covid19relief@icagroup.org) if you need help navigating the application process.

*\*While these documents don't all need to be submitted with the application, the information from them will help you fill out the necessary forms. Additionally, these documents might be requested to process your application. If requested, the SBA asks applicants to provide them within 7 days of the request.*