

COVID-19 Small Business and Nonprofit Relief

Last Updated 4/27/2020

Many details regarding the programs outlined, especially PPP, are still being developed. Additional information will be added to this document as it is made available to the public.

Coronavirus Aid, Relief, and Economic Security (CARES) Act overview

- o Includes ~\$2 trillion in relief to the American economy through various channels
- o Over \$350 billion allocated to support for small businesses and non-profit organizations through 3 programs:
 - Paycheck Protection Program
 - Forgivable loans for independent contractors, private nonprofits, and small who need help meeting **payroll** expenses
 - Economic Injury Disaster Loans and Emergency Economic Injury Grants
 - Loans for private nonprofits and small businesses who need help with any operating expense
 - Qualifying applicants can receive \$10,000 advance that does not have to be repaid
 - Economic Injury Disaster Loans and Emergency Economic Injury Grants
 - For private nonprofits and small businesses with <500 employees (cap may be higher for some industries – [click this link for SBA size standards by industry](#)) who need help with any operating expense
 - Small Business Debt Relief Program
 - For borrowers with existing SBA loans
- o The full text of the law can be found by [clicking on this link](#)

Paycheck Protection Program (PPP)

o Overview

- *The Treasury Department will be regulating and managing the Paycheck Protection Program until the national state of emergency regarding COVID-19 is lifted, at which point the Small Business Administration will take over administration of PPP. Full terms of this program are subject to change without prior notice. [Click this link for the full text of the Interim Final Rule governing PPP.](#)*



- \$349 billion in forgivable loans of up to \$10 million to small businesses (including sole proprietorships and self-employed individuals) and nonprofits to help cover payroll expenses
 - More PPP funding may be generated after implementation begins
- 100% of any PPP loan can be forgiven if funds are spent on payroll within 8 weeks of disbursement and wage & employment levels are maintained
- All unforgiven PPP loans will have a term of 2 years and carry 1% interest
- Payments on all PPP loans will be deferred for 6-12 months
- See pages 5-8 of the [Interim Final Rule](#) for information on eligibility
 - [Click this link for information on PPP rules regarding affiliation](#)
- **Basic Eligibility Requirements**
 - In operation on 2/15/2020
 - Fewer than 500 employees
 - Cap is higher for some industries – [click this link for SBA size standards by industry](#)
 - 1099 contractors, sole proprietors, and other self-employed individuals must file a Form 1040 Schedule C for 2019
 - Click this link
 - See pages 5-8 of the [initial Interim Final Rule](#) for more information on general eligibility
 - [Click this link for information on PPP rules regarding affiliation](#)
- **Applying**
 - Available from SBA 7(a) lenders and other participating federal-insured financial institutions
 - Borrowers should contact their usual business lender to see if they're participating before looking elsewhere
 - [Click this link for help locating an eligible PPP lender](#)
 - [Click this link for the PPP borrower application form](#)
 - Applications must be submitted to an eligible lender before June 30, 2020 or before funds are exhausted
 - **Apply soon – PPP loans are “first-come, first-served”**
 - Applicants must submit documentation demonstrating payroll expenses along with application
 - [Click this link for a list of suggested documentation to gather](#)
 - Lenders may request additional documentation
 - No personal guarantee or collateral required



- No proof of revenue loss required
- o **Terms**
 - **PPP loans MUST be used for approved expenses ONLY**
 - See [the 2nd page of this fact sheet](#) for a list of authorized uses and a definition of payroll expenses
 - Unauthorized use of PPP funds may lead to criminal charges
 - At least 75% of PPP loans MUST be used on payroll
 - Funds must be used within 8 weeks of the loan's origination date to be forgiven
 - [Use this sheet](#) to calculate the maximum amount you are eligible to apply for under PPP
 - Payments on principal and interest are deferred for 6 months, though interest will still accrue over this period
 - Decreases in personnel or wages may lead to deductions from forgiveness
 - All PPP loans are 100% guaranteed by the federal government
 - Recipients of an Emergency Economic Injury Grant will have \$10,000 deducted from the amount of their PPP loan that is forgivable
 - Emergency Injury Disaster Loans can be rolled into PPP loans
 - For more information on additional terms and rules, see the links below
- o **Links to PPP Resources**
 1. [PPP overview from Treasury Department](#)
 2. [General PPP FAQ](#)
 3. [Initial PPP rules](#)
 4. [PPP rules for independent contractors and sole proprietors](#)
 5. [How to calculate your maximum loan amount](#)
 6. [PPP rules regarding affiliation](#)
 7. [PPP borrower fact sheet from Treasury Department](#)
 8. [FAQ for faith-based organizations](#)
 9. [SBA webpage on PPP](#)
 10. [PPP infografía en español](#)

Economic Injury Disaster Loans and Emergency Economic Injury Grants

- o **Economic Injury Disaster Loans (EIDL)**
 - Lower-interest loans (no more than 3.75%)



- Available to small businesses and nonprofits directly from SBA
- Maximum EIDL amount: \$2 million
- Maximum EIDL term length: 30 years
- Principal and interest payments for new EIDLs will be automatically deferred for one year after the loan is originated
- Payments on existing SBA Disaster Loans will be deferred until 2021
- Borrowers must be able to demonstrate economic injury
- No collateral required for EIDLs under \$25,000
- EIDLs can be rolled into PPP loans
- **Emergency Economic Injury Grants**
 - EIDL borrowers can request an advance and receive up to \$10,000
 - Amount based on number of employees - \$1,000 per employee
 - At least 10 employees on payroll required to get max amount
 - Entities apply for an EIDL first and request the grant when prompted
 - **These grants do not ever have to be repaid, though the rest of the EIDL will have to be repaid once deferral periods ends**
 - Emergency Economic Injury Grant recipients who also receive a PPP loan will have \$10,000 deducted from the forgivable portion of their PPP loan and the remaining amount of the EIDL rolled into their PPP
- **Links to EIDL Resources**
 - [SBA Guide to EIDLs](#)
 - [EIDL application](#)
 - [FAQ for faith-based organizations](#)

Small Business Debt Relief

○ Overview

- The SBA will pay the principal and interest of new 7(a) loans issued prior September 27, 2020
- The SBA will pay the principal and interest of current 7(a) loans for 6 months
- Debt relief should be administered automatically without the need for action on the part of borrowers
- [Click this link to go to the webpage for the SBA Debt Relief Program](#)

Links to additional resources for small businesses

- [Treasury Department COVID-19 resource webpage](#)
- [SBA COVID-19 resource webpage](#)



- o [SBA COVID-19 pagina de recursos en español](#)
- o [List of 100 most active SBA 7\(a\) lenders](#)
- o [CDC interim Coronavirus guidance for businesses](#)
- o [Small business COVID-19 FAQ from NFIB](#)
- o [SBA Express Bridge Loan Pilot Program Guide](#)
- o [SBA local assistance offices and partners](#)
- o [Calendar of Small Business Development Center webinars](#)
- o [Financial difficulty management checklist](#)
- o [Guide to conquering a business crisis](#)
- o [Department of Labor COVID-19 resource page](#)
- o [Customizable flyer for businesses to assure customers](#)

For additional information:

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