Coping with COVID-19

Financial Tools & Resources to Help Small Business

U.S. Small Business Administration (SBA)
Washington Metropolitan Area District Office (WMADO)

202-205-8800
www.sba.gov/dc
@SBA_DCMetro
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SBA’s Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

The U.S. Small Business Administration (SBA) is low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).

The SBA has issued, under its own authority and as provided by the Coronavirus Preparedness and Response Supplement Appropriations Act, Economic Injury Disaster Loan declarations for U.S. states and territories. This support has been augmented by the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was signed into law on March 27, 2020.

SBA and its 68 district offices, located around the country, are available to support you throughout the COVID-19 pandemic and beyond.
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• Using Loan Payment Deferrals to Augment Cash Flow

• Economic Injury Disaster Loans (EIDLs)

• Coronavirus Aid, Relief, and Economic Security Act (CARES Act) – Paycheck Protection Program

• One-on-One Mentoring / Confidential Coaching
Federal and state banking 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.

Such deferments neither impact the lender’s standing with bank regulators, nor reflect negatively on the borrower’s credit score.
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Using Loan Payment Deferrals to Augment Cash Flow

Small businesses with existing loans may be able to reduce their monthly outlay of cash by getting their loan payment(s) deferred.

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.
Economic Injury Disaster Loan Program
Economic Injury Disaster Loans (EIDLs)

These Economic Injury Disaster Loans (EIDLs) are specifically available to the following organizations that have been directly affected by the disaster.

- Small businesses within the SBA Size Standards (visit [https://www.sba.gov/size](https://www.sba.gov/size))
- Small agricultural cooperatives & aquaculture businesses
- Private non-profit organizations (regardless of size)
Economic Injury Disaster Loans (EIDLs)

What are some types of organizations that are ineligible to receive an Economic Injury Disaster Loan?

• Religious organizations

• Charitable organizations

• Gambling concerns (i.e., businesses that derive more than 1/3 of their annual gross revenue from legal gambling activities)
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Economic Injury Disaster Loans (EIDLs)

How much can I borrow?

• Eligible entities may qualify for loan amounts of up to $2 million.

• Interest rates on this disaster loan are 3.75% for small businesses and 2.75% for non-profit organizations.

• Terms of up to 30 years are available with the first payment due 12 months after funds are issued.
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Economic Injury Disaster Loans (EIDLs)

How can I use EIDL funds?

• These are working capital loans that may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the disaster not occurred.

• Economic Injury Disaster Loans help entities stay afloat during the declared disaster, ready to “restart” their operations once circumstances allow.

• EIDLs are not meant for business expansion.
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Economic Injury Disaster Loans (EIDLs)

General Loan Approval Criteria

**Credit History:** Applicants must have a credit history acceptable to the SBA.

**Repayment Ability:** The SBA must determine that the applicant business has the ability to repay the Economic Injury Disaster Loan.

**Eligibility:** The applicant business must be physically located in a disaster-designated area and have suffered working capital losses due to the declared disaster.
What are the collateral requirements?

• Economic Injury Disaster Loans of **over $25,000** require **collateral**.

• The SBA takes real estate as collateral when it is available.

• The **SBA will not decline a loan for lack of collateral** but requires borrowers to pledge what is available.

• Given the severity of the COVID-19 pandemic and its economic impacts, the **SBA will make reasonable efforts to work with applicants toward a favorable decision**.
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EIDL Application Process

• Unlike SBA 7(a) and 504 program loans, these Loans are not made through banks or financial institutions
• Apply directly to SBA at sba.gov
• Complete the application online.
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EIDL: Application Support

For help with the EIDL application process

• Call SBA’s Disaster Customer Service Center at 800-659-2955 (7am to 9pm ET every day)
• Email disastercustomerservice@sba.gov
• Deaf and hard-of-hearing customers may contact 800-877-8339 (TTY)
• Reach out to SBA’s network of Resource Partners for personalized guidance and business coaching (see next slide)
Paycheck Protection Program

Coronavirus Aid, Relief, and Economic Security (CARES) Act
CARES Act: Paycheck Protection Program (PPP)

Loan Guarantee Program

• These are Not direct loans from SBA (different than the EIDL program)

• The loan will be processed through banks and financial institutions.

• SBA is providing a 100% loan guarantee to lenders

• Existing SBA lenders will provide these loans AND new lenders will be added

• Lenders will not charge loan fees for PPP Loans
CARES Act: Payroll Protection Program

• **Loan Amount**: up to $10 million

• **Interest Rate**: 0.5%

• **Eligibility**:
  - Businesses including sole proprietorships, self-employed individuals and independent contractors, non-profits, veterans organizations, Tribal concerns
  - 500 or fewer employees or within SBA size standards

• **Loan Forgiveness**: Tied to use of funds for payroll costs

• **Maturity**: 2 Years

• **Collateral**: None Required, No Personal Guarantees

• **Loan Fees**: None
Entrepreneurial Mentoring and Coaching Support
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### One-on-One Mentoring / Confidential Coaching

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<th>Business coaching can help you strategize business solutions</th>
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<td>SBA-funded Resource Partners offer you FREE business counseling sessions via phone and video</td>
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<tr>
<td>Specialists are standing by to assist you with your business loan application</td>
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**SCORE**  
202-619-1000  
[https://www.score.org/](https://www.score.org/)

**Small Business Development Centers (SBDCs)**  
202-889-5090 / 301-403-8300 x115 / 703-778-1292  
[https://americassbdc.org/](https://americassbdc.org/)

**Women’s Business Centers**  
202-393-8307 / 301-315-8091 / 703-768-1440  
[https://www.awbc.org/](https://www.awbc.org/)
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Follow the SBA-Washington Metropolitan Area District Office on Twitter @SBA_DCMetro for real-time updates and program notices. Sign up to receive email announcements at https://www.sba.gov/updates; be sure to include your preferred email address and local zip code.


For information on all COVID-19 federal programs, visit https://www.usa.gov/coronavirus or https://www.usa.gov/espanol/coronavirus (en español).
Thank You

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