

SBA Loans and Grants for Businesses Affected by COVID-19

1. **SBA Paycheck Protection Program Loans/SBA § 7(a) Loans** (\$350 billion appropriated)
 - a. **Significant Features:** Customers deal with their banks, credit unions or Fintech
 - i. Maximum loan amount \$10 million or 250% of payroll, through 12/31/20
 - ii. Interest rate 4%; principal, interest, and fees automatically deferred for 6 months
 - iii. Permissible uses of proceeds: payroll support; employee salaries; paid sick/medical leave; insurance premiums; mortgage, rent, or utility payments
 - iv. Loans 100% guaranteed by federal government through 12/31/20
 - v. SBA will forgive loan amount equal to 8 weeks of permitted expenses and compensate lender (with interest) and forgiven amount not taxed as income
 1. Amounts not forgiven due in 10 years at 4% and remain 100% guaranteed
 2. Forgiveness will be reduced proportionally for reduction in number of employees or pay cuts of more than 25% from previous year's pay
 3. Encourages rehiring workers already laid off by recalculating payroll base
 - vi. U.S. Treasury will work to expand array of lenders authorized to make these loans
 - vii. Maximum SBA Express loan raised from \$350K to \$1 million through 12/31/20
 - b. **Eligibility**
 - i. Small businesses, 501(c)(3) nonprofits, 501(c)(9) veteran's organizations, and tribal businesses with no more than 500 employees (or higher per SBA industry standards)
 - ii. Applies to sole proprietors, independent contractors, and self-employed people
 - iii. Business was operational on 2/15/20 and paid salary/payroll tax for employees
 - iv. Good-faith assurances from borrower that: (1) loan is necessary due to COVID-19-related circumstances, (2) funds will keep workers and pay salary/lease/utilities, and (3) not receiving duplicate funds
 - v. Borrowers can't double dip for the same loan purposes between PPP & EIDL loans
2. **SBA Emergency Injury Disaster Loans (EIDL) & Grants** (\$10 billion appropriated)
 - a. **Significant Features:** SBA Direct Loans. Customers deal directly with SBA
 - i. Applicants may request advance (grant) of \$10,000 and SBA must advance funds
 - ii. 3.75% for small business, 2.75% for non-profits, up to \$2 million for fixed debt, payroll, accounts payables and other bills
 - b. **Eligibility**
 - i. Expands list of entities eligible for EIDL program to include tribal businesses, cooperates, and ESOPs with no more than 500 employees; sole proprietors and independent contractors; and private non-profits
3. **Other Grants and Funding Awards**
 - a. SBA awards to Small Business Development Centers & Women's Business Centers for COVID-19 counseling
 - b. Minority Business Dev. Agency - \$10 million for grants for COVID-19 counseling and education about SBA funding opportunities
 - c. State Trade Expansion Program – Funds remain available through 2021

This information is as of March 30, 2020 and details may change. Check program websites for latest updates.