

SMALL BUSINESS RELIEF FOR COVID-19: A QUICK PRIMER



(updated Apr. 10, 2020)

This is a quick primer re: SBA relief for small businesses (generally <500 employees across all locations) impacted by COVID-19, for those who don't know where to start (or where to find an SBA-approved lender for the Payment Protection Program loan, which started taking applications today). There are links throughout below with more information, but this is an attempt to simplify the FOUR types of relief on offer.

Note: NONE of these types of relief are exclusive to one another. Technically, you could qualify and receive all four types. For example, a small business can obtain both a Paycheck Protection Program loan AND an Economic Injury Disaster Loan, IF the loans cover different items.

(1) PAYCHECK PROTECTION PROGRAM (PPP)

Small businesses can qualify for a LOAN of up to 250% of the employer's average monthly payroll (or \$10 million – whichever is less). And if they maintain their payroll (or rehire workers) from Feb 15 to June 30, the PORTION of the loan used for payroll costs, mortgage interest, rent, and utilities over an 8-week period would be FORGIVEN.

SELF-EMPLOYED INDIVIDUALS and **GIG WORKERS** also qualify for this loan.

APPLYING: You must apply for the PPP through an SBA-approved lender, NOT the SBA directly. The SBA has posted a SAMPLE APPLICATION here: www.sba.gov/document/sba-form--paycheck-protection-program-ppp-sample-application-form

FINDING A QUALIFIED LENDER:

www.sba.gov/paycheckprotection/find?address=30093&pageNumber=1. Though there are no lenders within 30093/30084/30047 (the three zip codes for HD 99), there are close ones, such as (e.g., "Steve Bae, 2385 Pleasant Hill Rd, DULUTH, GA 30096, 678-385-0828 . . . sbae@noabank.com").

PPP ALTERNATIVE – EMPLOYEE RETENTION TAX CREDIT: if you don't want a loan, but are keeping at least some of your workers, you may claim a 50% refundable tax credit per employer, on

up to \$10K in wages (between Mar. 12, 2020 and Jan. 1, 2021). File Form 700 with the IRS: www.irs.gov/forms-pubs/about-form-7200.

(2) ECONOMIC INJURY DISASTER LOAN (EIDL) & EMERGENCY ECONOMIC INJURY GRANTS

This one is in TWO parts:

(a) EIDL: small businesses impacted by COVID-19 can also apply for a LOAN of up to \$2 million, with 3.75% interest rates (2.75% interest rates for non-profits). These loans can be used to pay fixed debts, payroll, accounts payable, etc. Note: you may later decide to refinance an EIDL into a PPP loan.

(b) EMERGENCY ECONOMIC INJURY GRANT: if you meet the qualification criteria to apply for an EIDL loan and submit an application, you may also request an ADVANCE of up to \$10,000. This advance DOES NOT NEED TO BE REPAYED – EVEN IF YOUR LOAN APPLICATION IS NOT APPROVED.

APPLYING: you apply DIRECTLY to the SBA. Application here: <https://covid19relief.sba.gov>

The other two types of relief are generally for those who already have existing SBA loans, or who receive certain non-disaster loans within the next 6 months:

(3) EXPRESS BRIDGE LOAN PILOT PROGRAM

This is for small businesses who ALREADY have a current relationship with an SBA Express Lender, to access up to \$25,000 quickly. The benefit here is fast turnaround, and the SBA recommends businesses who qualify to apply while they're waiting for a decision and disbursement on an Economic Injury Disaster Loan (which is similar to the Emergency Economic Injury Grant, but with the notable exception of a larger \$25k ceiling). More info: www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans

(4) SBA DEBT RELIEF

For small businesses with EXISTING non-disaster 7(a) loans (NOT loans made under PPP), 504, or microloans – or such loans issued before Sep. 27, 2020 – the SBA will automatically pay the principal, interest, and fees through Sep. 27, 2020. www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief

ADDITIONAL RESOURCES

SBA website: www.sba.gov/funding-programs/loans/coronavirus-relief-options. For questions about eligibility or the application progress, the Small Business Administration has established a new, 24/7 helpline: **1-800-659-2295**

FAQ by U.S. Senate Committee on Small Business & Entrepreneurship: www.sbc.senate.gov/public/cache/files/2/9/29fc1ae7-879a-4de0-97d5-ab0a0cb558c8/1BC9E5AB74965E686FC6EBC019EC358F.the-small-business-owner-s-guide-to-the-cares-act-final-.pdf

-Marvin Lim, Esq.

Disclaimer: this is general information, not legal advice.