

# COVID-19 EMERGENCY LOANS FOR SMALL AND MID-SIZED BUSINESSES



## SBA'S PAYCHECK PROTECTION PROGRAM (PPP) LOANS

### Eligible businesses:

- ▶ (1) have 500 or fewer employees; (2) meet the SBA's Small Business Size Standards by NAICS Industry; or (3) had a maximum tangible net worth of \$15 million or less and an average net income of \$5 million or less for past two fiscal years

### Loan Details

- ▶ **Maximum amount:** Lesser of (1) 2.5 times average monthly payroll costs for the year prior to loan date and (2) \$10 million
- ▶ **Interest rate of 1%; two-year term with initial deferment of six months to one year**
- ▶ **Permitted uses:** Payroll costs, mortgage interest, rent, and utilities for services
- ▶ **Forgivable, but amount forgiven will be reduced if:** (1) more than 25% of funds are used toward non-payroll costs; (2) there is a reduction in salaries/wages greater than 25%; (3) reductions in full-time head count; or (4) also received EIDL Advance

### How to Apply

- ▶ Find an **SBA-approved lender** [bit.ly/brc-sba-find-lender](https://bit.ly/brc-sba-find-lender)
- ▶ Complete an application form, including the required certification [bit.ly/brc-ppp-application](https://bit.ly/brc-ppp-application)
- ▶ Compile supporting documentation related to payroll for past 12 months

## FEDERAL RESERVE'S MAIN STREET LENDING PROGRAM

### Eligible businesses

- ▶ (1) have 15,000 or fewer employees; or (2) had \$5 billion or less in revenue for 2019

### Loan Details

- ▶ Available funds: Eligible lenders may **either originate new MSLP loans or use MSLP funds to increase the size of other loans** that existed prior to April 8, 2020
- ▶ **Loan amounts:**
  - New MSLP loans – minimum of \$500,000; maximum is lesser of: (i) \$25 million; or (ii) an amount that, when added to existing outstanding and undrawn available debt, does not exceed four times adjusted 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA")
  - Existing loan increases – minimum of \$10 million; maximum is lesser of: (i) \$200 million; (ii) 35% of existing outstanding and undrawn available debt; or (iii) an amount that, when added to existing outstanding and undrawn available debt, does not exceed 6 times adjusted 2019 EBITDA
- ▶ **Adjustable interest rate of approximately 3.76%** (as of April 30, 2020); **four-year term** with principal and interest payments deferred for one year; **no prepayment penalty**
- ▶ **Permitted uses:** Must use reasonable efforts to maintain payroll and retain workers
- ▶ **Prohibited uses:** Repaying other debt unless such payments are mandatory, buying back stocks, and paying dividends

### How to Apply

- ▶ Find and contact an **eligible lender (includes U.S. banks and other insured depository institutions; find an FDIC bank** <https://bit.ly/brc-fdic-lender>)
- ▶ Review 2019 financials to calculate potential loan amount and compile other supporting documentation
- ▶ Complete lender's application, including the required certification

## SBA'S EIDL LOANS

### Eligible businesses:

- ▶ (1) have 500 or fewer employees; (2) meet the SBA's Small Business Size Standards by NAICS Industry; or (3) have a private nonprofit organization or a 501(c)(19) veterans organization

### Loan Details

- ▶ **Maximum amount:** Advance/Grant – \$10,000; EIDL loans – \$2 million
- ▶ **Interest rate of 3.75% interest (2.75% for nonprofits); terms of up to 30 years for EIDL loans; automatic deferral of principal (not interest) payments for one year**
- ▶ **Collateral/Personal Guaranty:** No collateral required for loans of \$25,000 or less; if greater than \$25,000, collateral is required; if greater than \$200,000, also need owner's personal guaranty
- ▶ **Not forgivable, but some EIDL amounts could be converted into a PPP loan**
- ▶ **Permitted uses:** Working capital for fixed debts, payroll, accounts payable and other unpayable bills due to COVID-19
- ▶ **Prohibited uses:** Refinance long-term debt; expand facilities; pay dividends or relocate; duplicate use of PPP funds

### How to Apply

- ▶ **Applications are taken online through the SBA only**
- ▶ Compile supporting documentation related to: EIN/SSN; gross revenue for past 12 months; cost of operations; and other compensation received related to COVID-19

FOR USLI'S FULL GUIDE, PLEASE VISIT: <https://www.bizresourcecenter.com/Covid-19-Resources.html>