

Your COVID-19 Advisory Team:



COVID-19 Financial Relief Options

Presented By:



 Equal Housing Lender • Member FDIC

Financial Priorities



1.) Preserve Cash



2.) Assistance

A. Paycheck
Protection Plan

B. Economic Injury
Disaster Loan



3.) Be Pro-active

Priority #1 Preserve Cash

Work with your current creditors to lower your fixed expenses short-term.

Request Modification or short-term deferment.

- Equipment financing
- Mortgages
- Lines of credit
- Vendors
- Banks

GOAL: Work to have 90 days of cash on hand for operating expenses.

Priority #2 Assistance

Program #1 Paycheck Protection Program

The PPP is a small business loan program designed to assist in allowing small businesses to keep workers on the payroll during the COVID-19 pandemic. When workers are kept on the payroll for the qualifying period, the loan could be forgiven if the small business incurs eligible expenses.

- Loan amount determined using domestic payroll of employees earning less than \$100K annually.
- Covered period: Feb. 15 to June 30, 2020
- The SBA started taking applications last Friday April 3rd

Who is Eligible?

- Small businesses, any businesses employing fewer than 500 people
- Sole proprietors/independent contractors/self-employed persons
- The borrower will have to provide a good faith certification that the uncertainty of current economic conditions makes the loan request necessary to support ongoing operations.

Priority #2 Assistance

Program #1 Paycheck Protection Program

Loan Purpose: Payroll costs, employee benefits, commissions, operating costs

Maximum loan Amount: Loans can be up to 2.5x the borrowers average monthly payroll cost (not to exceed \$10 million), (compensation of any employee in excess of \$100K/yr excluded).

Interest Rate: 1%

Payments: Deferred for 6 months, however loans will accrue interest

Prepayment Penalties: No

Maturity: Loan is due two years from origination

Eligible businesses may receive debt forgiveness equal to the cost of maintaining payroll continuity from February 15 to June 30, 2020, and up to 100% of the loan amount.

- Loan forgiveness is anticipated to be reduced with year-over-year reductions in FTEs, and with salary reductions of more than 25% for those earning less than \$33,333 during the covered period.
- No double-dipping from SBA EIDL.

Priority #2 Assistance

Program #2 Economic Injury Disaster Loan

- Offered through the U.S. Small Business Administration Direct

Eligibility: small business, non-profits

Loan purpose: working capital, payroll, fixed debts, accounts payable

Loan amount: up to \$2 million. An SBA case worker will determine final loan amount.

This amount will equal six months working capital to cover operations.

Interest Rate: 3.75%

Repayment: 30-year term; first payment not due until 2021

How to Apply

- Apply Online at <https://disasterloan.sba.gov/ela>.
- Current Turnaround time is 2-3 weeks +
- Once the SBA case worker approves the deal, they will fund up to 20% within 10 days.
- Loan authorization dictates the remaining conditions to fund and related timeline.

Priority #3 Be Proactive

Act fast.

Government relief programs are first come, first served, so don't wait. Be prepared to wait a month or longer for funds.

Consider all options.

Talk to current financial partners first. Look into locally-based financing and grant opportunities.

Know how you can use it.

Funds can cover operating costs like rent, payroll, fixed debt. They're not intended for buying real estate, acquisitions, or savings.

Prepare.

Get financials in order. Determine projections for the next six months. Double check that you have all required documentation to avoid slowing the process.

Questions:

